

**The “Chindia-Connection” Revisited -  
How to integrate the emerging powers China and  
India into the international system**

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**Session III: “China vs. India -- Cooperation or Conflict?”**

**Introductory Statement: Amb. Karl F. Inderfurth**

The question posed by the title of this session - “China vs. India -- Cooperation or Conflict?” -- was recently answered for us, by none other than the Prime Minister of India, Manmohan Singh, and the President of China, Hu Jintao, in the Joint Declaration issued following their summit in New Delhi on November 20-21:

“Both sides hold the view...that they are not rivals or competitors but are partners for mutual benefit. They agree that there is enough space for them to grow together, achieve a higher scale of development, and play their respective roles in the region and beyond, while remaining sensitive to each other’s concerns and aspirations.”

This declaration does not, of course, end our discussion of the matter. But it does provide a useful departure point for our examination of the question “China vs. India -- Cooperation or Conflict?” Specifically -- and drawing from the statement -- what areas offer the greatest potential for the two countries to become “partners for mutual benefit?” How do they intend to “play their respective roles in the region and beyond?” And, finally, what are their respective “concerns and aspirations” that they have pledged to remain sensitive to each other?

Let me begin answering these questions by stepping back and placing the question of Indian-Chinese cooperation or conflict in a broader perspective and then return to the recent summit meeting between the leaders of the two countries.

“Great Expectations”

“India and China can together reshape the world order.”

Manmohan Singh, April 11, 2005

This statement, by the ever modest Indian Prime Minister, was made on the occasion of the visit to New Delhi in April of last year by Chinese Premier Wen Jiabao. Was Manmohan Singh engaging in summit superlatives -- not unusual for high level diplomacy -- or was he providing an accurate assessment of the potential global importance of two rising powers that together account for more than a third of the world's population?

Many analysts believe the correct answer to this question is the latter, including those who took part in the 2004 study by the U.S. National Intelligence Council (NIC) entitled Mapping the Global Future. That 120 page report was the third in a series prepared by the NIC in recent years that takes a long-term view of the future. It was based on consultations with non governmental experts around the world. What the report had to say about China and India could have been entitled -- to borrow from Charles Dickens -- “Great Expectations.” Here are some of the highlights of the NIC's look into the future:

First, “The likely emergence of China and India as new major global players - similar to the rise of Germany in the 19th century and the United States in the early 20th century -- will transform the geopolitical landscape, with impacts potentially as dramatic as those of the previous two centuries.”

Second, “In the same way that commentators refer to the 1900s as the ‘American Century, ‘the 21st century may be seen as the time when Asia, led by China and India, comes into its own. A combination of sustained high economic growth, expanding military capabilities, and large populations will be at the root of the expected rapid rise in economic and political power for both countries.”

Third, “Most forecasts indicate that by 2020 China's gross national product (GNP) will exceed that of individual Western economic powers except for the United States. India's GNP will have overtaken or be on the threshold of overtaking European economies.”

I should mention here that James Wolfensohn, the former World Bank president, recently made a similar observation, saying the “West must prepare for a future dominated by China and India, whose rapid economic rise will soon fundamentally alter the global balance of power.”

Fourth, “Growing demands for energy through 2020 will have substantial impacts on geopolitical relations. The single most important factor affecting the demand for energy will be global economic growth, particularly that of China and India.”

“China and India, which lack adequate domestic energy resources, will have to ensure access to outside suppliers; thus, the need for energy will be a major factor in shaping their foreign and defense policies, including expanding naval power. Experts believe China will need to boost its energy consumption by about 150 percent and India will need to nearly double its consumption by 2020 to maintain a steady rate of economic growth.”

And, finally, how confident is the NIC in making these forecasts? “Barring an abrupt reversal of the process of globalization or any major upheavals in these countries, the rise of these new powers is a virtual certainty. Yet how China and India exercise their growing power and whether they relate cooperatively or competitively to other powers in the international system are key uncertainties.” (Which, of course, is the subject of this conference: how to integrate these emerging powers into the international system.)

But before India and China are able to “reshape the world order” (again using Prime Minister Singh’s words and as forecast by the NIC), they must first put their own bilateral house in order. Step-by-step, through a process described by one Indian leaders as “incremental gradualism,” they are doing so, which brings us back to the recent Singh-Hu summit in New Delhi and the Joint Declaration.

#### The ‘Ten Pronged’ Strategy

The five page, 48-point Joint Declaration issued on November 21 lays out an ambitious agenda for the two countries to “upgrade India-China relations to a qualitatively new level” and “further substantiate and reinforce their Strategic and Cooperative Partnership.” To accomplish this, Singh and Hu committed themselves to pursue a “ten-pronged strategy” (the Chinese have an affinity for numbered policy pronouncements).

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The first and the second prongs of the strategy deal with strengthening bilateral relations through regular summit-level meetings -- this was the first visit by a Chinese president to India in a decade -- and strengthening institutional linkages between their governments, across-the-board, beginning with the foreign affairs ministries.

The third prong focuses on consolidating India-China commercial and economic ties, perhaps the most important pillar in their warming relationship and its driving force (the Joint Declaration calls it “a core component”). The two sides will make joint efforts to diversify their trade, remove existing impediments, and “optimally utilize the present and potential complementarities in their economies,” this being a reference to India’s software and China’s hardware sectorial advantages. A target of raising the volume of their bilateral trade to \$40 billion by 2010 is set, up from about \$20 billion today.

The fourth prong focuses on expanding “mutually beneficial cooperation,” with energy receiving substantial attention. Both sides know the numbers: China is the second largest importer of energy after the United States, India is the

world's sixth largest consumer of energy resources. With plenty of domestic coal reserves but not enough oil and gas, both countries are increasingly looking abroad to meet energy shortfalls. Increasingly Indian and Chinese oil companies find themselves competing to secure new energy sources abroad (with China, to date, more often than not coming out on top).

With the possibility of a fierce energy competition looming, the Joint Declaration states that the two sides agree to fully implement the provisions of the Memorandum on Cooperation in the field of Oil and Natural Gas signed in Beijing in January of this year. It encourages collaboration between Chinese and Indian enterprises, including joint exploration and development of hydrocarbon resources in third countries. India's oil minister, Mani Shankar Aiyer, said at the time that "Any imitation of the 'Great Game' between India and China is a danger to peace. We cannot endanger each other's security in our quest for energy security."

Another area singled out for "mutually beneficial cooperation" is the environment, including sustainable development, bio-diversity and climate change. The importance of the latter is underscored by the announcement by the International Atomic Energy Agency last month that China would probably surpass the United States as the world's largest contributor of greenhouse gas emissions by 2009, more than a full decade earlier than anticipated.

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The fifth prong deals with building "mutual trust and confidence through defense cooperation." Not surprisingly, this is the shortest and least substantive of the points in the Joint Declaration, focusing only on the exchange of visits between the defense establishments of the two countries.

Not mentioned here are two defense-related areas in need of confidence building measures, including greater transparency, in the years ahead. The first is the ambitious plans for the navies of the two countries, which is closely tied to their search for energy security and ensuring that shipping lanes are not interrupted. The second is the future of their respective nuclear weapons arsenals. China's nuclear program was cited by Indian officials as a key factor influencing India's decision to conduct a series of underground nuclear tests in 1998. India is not pursuing numerical equality with China, but is determined to have a credible nuclear deterrent. Managing this important dimension of their relations is further complicated by India's continuing concern about China's nuclear assistance to Pakistan

The sixth prong calls for "seeking early settlement of outstanding issues," including "the boundary question." The placement of this issue -- sixth on the "ten pronged strategy" list -- is telling. Both countries have determined that despite the historical overhang of their 1962 Border War, improvements in other areas of the relationship will not be held hostage to resolving competing territorial claims, whether it be Anunachal Pradesh, part of Ladakh, Aksai Chin or Skikim.

The seventh prong -- "promoting trans-border connectivity and cooperation" -- may well contribute to the preceding one, the early settlement of outstanding boundary issues. The purpose here is to transform the India-China border from being "a dividing line into a bridge that unites" the two countries," beginning with the opening of new cross-border trading routes. One historic trade

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route at Nathula Pass reopened earlier this year, for the first time since the 1962 war. The two sides also welcomed a novel idea for pursuing “connectivity” -- a car rally between Kolkata and Kunming via Bangladesh and Myanmar.

The eight prong -- “boosting cooperation in science and technology -- highlights three areas that are critical to each country’s development: high technology, civilian nuclear energy, and space technologies. On two of these issues, India and China have great potential for collaborate agreement: on one, fundamental disagreement.

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The Joint Declaration welcomes the establishment of a Ministerial-level Committee on Science and Technology Cooperation, the first ever and none too soon. According to the report of the National Intelligence Council, both Indian and China are well placed to be leaders in the expected next revolution in high technology involving the convergence of nano-, bio-, and information technology. Here cooperation appears promising, as do joint efforts in the field of space-based technologies, including satellite launch services.

But civilian nuclear cooperation between Indian and China may prove more difficult. Both countries are seeking to expand their nuclear energy programs to fuel their economic growth and ensure energy security. India’s civilian nuclear agreement with the United States is critical in this regard. China, as a Nuclear Nonproliferation Treaty (NPT) member, has withheld its support for the U.S.-India accord. The Joint Declaration states that the two sides agree to promote nuclear energy cooperation -- the first time ever in a document at this level-- but adds “consistent with their respective international commitments.” For China that means the NPT and its role as a member of the 45-nation Nuclear Suppliers Group (NSG), which must give its consent to the accord negotiated between India and the U.S. China’s decision in this regard -- for or against or whether it will try to carve out a similar NPT ‘exception’ for Pakistan -- will have major implications for the current upward trajectory of China-India ties.

The ninth prong -- “revitalizing cultural ties and nurturing people-to-people exchanges” -- is a recognition of the need to begin the process of reconnecting two great, ancient civilizations that have long been cut off by natural and, more recently, political divides. To promote greater awareness of each other’s spiritual and civilizational heritage and culture, the two sides will organize a “Festival of India” in China and a “Festival of China” in India. It’s a start.

Finally, the tenth prong addresses how the two countries will expand their cooperation on the regional and international stage. Here their respective “concerns and aspirations,” referred to at the beginning of the Joint Declaration, come to the forefront and what they do not say is almost as important as what they do.

Most prominent for India is the issue of support for a permanent seat on the United Nations Security Council. While the two sides agree on the centrality of the United Nations and the need for comprehensive reform, China would only go so far as to state: “It understands and supports India’s aspiration to play a greater role in the United Nations.” India sees a permanent seat on the

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Security Council as appropriate for the global role it will play in the 21st century, and one that China should accept and support.

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On the subject of regional integration as a part of “the emerging international economic order,” there were positive statements on closer cooperation in the East Asia Summit, SAARC and the Asia-Europe meeting, but no reference to India joining the Asia-Pacific Economic Cooperation (APEC) forum. There have been several calls made for India to receive an invitation to join APEC when it convenes next year in Australia.

Finally, at the end of the Joint Declaration, China received two important reassurances from India on the issues of Taiwan and Tibet. India reaffirmed that it would continue to abide by its one China policy and its recognition of the Tibet Autonomous Region as part of the territory of the People’s Republic of China. In both cases the Chinese side expressed “its appreciation for the Indian position.” However, there were no corresponding assurances from China on matters relating to India’s security concerns in its neighborhood.

“Not Rivals but Partners?” -- Concluding Words

>From both the Indian and Chinese perspective, the visit of President Hu was a highly successful one. Thirteen separate agreements were signed in addition to the Joint Declaration which lays out a “blueprint” for what both sides describe as the “qualitative and quantum” improvement in their bilateral relations. But it will be in the implementation and execution of their “ten pronged strategy” that will either validate or call into question their statement at the beginning of the Joint Declaration that they are not “rivals or competitors but partners for mutual benefit.”

Also contributing to the improvement in their relations will be something more basic, as discussed by Jaswant Singh in his recently released book *A Call to Honour: In Service of Emergent India*. In his memoir, the former External Affairs Minister explores the question “Can India and China break a historical pattern and live in peace and harmony?” His writing on this subject is both insightful and lyrical:

“In the awesome oscillations of history’s clock, the pendulum swings once more towards these two Asian neighbors, India and China. The world watches riveted, fascinated by the epic dimensions of the endeavors of two ancient civilizations, two great races almost synchronously addressing the many challenges of today, even as they emerge from the disorder of historical legacies. .. These two ancient nations have always been neighbors, yet their social and political intercourse has never been consistent...Both India and China inclined toward a kind of self-righteous insularity, now, of course, they both thirst for a full

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knowledge of the wider world. Equally, they seek global recognition, considering it rightful due, denied to them by the historical unfairness of an order dominated by the West.”

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On this final point by Singh, one sees another point of convergence between India and China (one also referred to in the Joint Declaration), namely that they both share the aspiration of a multi-polar global order, one not dominated by any one superpower (read: the United States) and one that takes greater account of the role they intend to play in this century.

Understanding this fundamental point of convergence between India and China -- and its historical roots -- will do much to inform the overall subject of this conference -- "How to integrate the emerging powers of China and India into the international system."