

Informal Summit: Smart Diplomacy to Address China-India Distrust

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Summary

For decades, India and China have had fundamental underlying trust issues such as the border dispute, Chinese growing influence in India's neighbouring countries, India's trade deficit with China and finally China's "all-weather" relationship with Pakistan. Amidst the deep distrust, there is willingness from both sides to work on ways to improve relations through the unique mechanism of informal meetings. Indian Prime Minister Narendra Modi hosted Chinese President Xi Jinping for the Second Informal Summit in Mammallapuram, Chennai from 10-11 October 2019.

Background

The most-awaited informal meeting between Indian Prime Minister Narendra Modi and Chinese President Xi Jinping in Mammallapuram, Chennai, on 11 October 2019 came at a tense time in India-China relations. India's trade deficit with China is on the rise, the border issue was reopened with India's decision to take complete control over Jammu and Kashmir, including Chinese-disputed Aksai Chin, and an increasing distrust that stems from geopolitical competition. Despite all those strains, the outcomes of the informal summit seem quite exhilarating.

Informal summits are viewed as an opportunity for countries to work on the underlying fundamental differences which are the unresolved boundary dispute, Chinese growing influence in India's neighbouring countries, India's trade deficit with China and finally China's all-weather relationship with Pakistan. The cause of the India-China trust deficit is myriad, but the border issue remains at the heart of it. This paper review major factors contributing to the underlying distrust and argues that informal meetings are smart diplomacy to manage the distrust particularly between China and India.

Aspects of the China-India Trust Deficit

China and India are both major developing countries with the potential to reshape the current global order. Geographically, as close neighbours with winding history, the border issue has always been a major tipping point for China-India relations. The memories of a border war in 1962 have often been stirred back to life.

India and China have had confidence building measures in place to continue the dialogue on territorial issues. The border talks, which were initiated in 2003, had become an important channel for communication between top Chinese and Indian diplomats on a wide range of

issues beyond the border dispute.¹ Several other ideas were expressed to turn a fresh page in the relations including a proposal to sign a “treaty of good neighbourliness and friendly cooperation”. India and China have had a tradition of routine declarations, yet the mutual distrust remains.² The declaratory approach was of no help in addressing the real disputes over territorial sovereignty. The distrust becomes obvious when the status quo is disrupted along borders. The Chinese intentions during the 1962 border war is viewed through the lens of aggression from the Indian public.³ Such perceptions continue to exist. Contemporarily, in incidents of border standoffs, both countries play it down.

More importantly, the border issue also anchors India’s stand on China’s Belt and Road Initiative (BRI). India’s concern has been the ‘China-Pakistan Economic Corridor’ (CPEC), the pilot project of BRI that passes through parts of the Jammu & Kashmir (J&K) state. From India’s perspective, the projects flag the issue of sovereignty and territorial integrity, which is a determinant for India to stay away from the initiative. After India’s decision to revoke Article 370 and the special status of J&K that invited sharp criticism from China and Pakistan, China responded urging “India to be cautious in its words and deeds on the border issue, and strictly abide by the relevant agreements reached between the two sides to avoid taking actions that further complicate the border issue.”⁴ Soon after India released a statement reiterating that “Jammu and Kashmir is an integral part of India.”⁵

Second, China’s growing influence in South Asia through massive infrastructure projects is viewed as an encirclement strategy by India. The port development projects in Bangladesh, Sri Lanka, Pakistan and Myanmar are all geographically located in India’s neighbourhood.⁶ With its “Neighbourhood first” policy, the Modi government has long been giving priority to South Asia, which has caught the two Asian powers apparently in the trap of strategic competition and rivalry.

From the Chinese perspective, the Indo-Pacific strategy first announced by the United States (US) is largely seen as a counter to China’s influence in the Indian Ocean. The US has called for more intensive regional coordination with its Asian partners—India, Japan, and Australia—to ensure peace and promote prosperity in the Indo-Pacific.⁷ India’s strategy

¹ Shi Jiangtao “China-India border talks back on ... but is this the road to resolution?”, South China Morning Post, 9 December 2017. <https://www.scmp.com/news/china/diplomacy-defence/article/2123488/china-india-border-talks-back-road-resolution>

² C Raja Mohan, “India and China: Rebuild the Trust,” *The Indian Express*, 19 December 2017.

³ Dibyesh Anand (2012): Remembering 1962 Sino-Indian Border War: Politics of Memory, *Journal of Defence Studies*, Vol-6, Issue-4. pp- 229-248.

⁴ Statement from China’s Foreign Ministry, Remarks on the Indian Government’s Announcement of the Establishment of the Ladakh Union Territory Which Involves Chinese Territory, 8 August 2019.

https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1686549.shtml

⁵ Ministry of External Affairs, Government of India, “Official Spokesperson’s response to a query on reference to Jammu & Kashmir in Joint Statement issued after visit of Chinese Foreign Minister to Pakistan,” Response to Media Queries, 10 September 2019.

⁶ Xioping, Yang, “When India’s strategic Backyard Meets China’s Strategic Periphery: The View from Beijing,” *War on the Rocks*, 20 April 2018. <https://warontherocks.com/2018/04/when-indias-strategic-backyard-meets-chinas-strategic-periphery-the-view-from-beijing/>

⁷ ISAS Discussion Papers, “Trump and Modi: Prospects for US-India Burden Sharing,” June 2019. <https://www.isas.nus.edu.sg/wp-content/uploads/2019/06/isas-trump-modi-pdf-june2019.pdf>

towards the Indo-Pacific echoes the concerns of the US alliance to bring about a rules-based order characterized by the freedom of navigation and the settlement of maritime disputes through dialogue. It has also mentioned that the idea of the Indo-Pacific is not about restricting China, but a parallel focus on its Security and Growth for All in the Region (SAGAR) approach.⁸

The idea of the Indo-Pacific originated not to contain China but to have a shared future as Indian External Affairs Minister S. Jaishankar recently reiterated that the Indo-Pacific area is India's lifeline and the highway for trade and prosperity and that "the idea of working for or against one country is an old mindset."⁹

Third, India is concerned about the huge trade deficit with China. A media report stated that India registered a trade deficit with as many as 11 Regional Comprehensive Economic Partnership (RCEP) member countries in 2018-2019.¹⁰ China is India's largest trading partner while India is China's 11th largest trading partner. In 2017-18, the trade deficit was evident as India's exports to China rose by US\$2.5 billion (S\$3.4 billion) and India's imports from China rose by US\$50 billion (S\$60 billion).¹¹ Trade issues took a major stage during the discussions in the second informal summit.

Another concern is that major Indian telecom companies such as Bharati Enterprises and Vodafone continue to use Chinese company Huawei's 4G technology. However, India is now sceptical to go ahead with the Huawei's 5G technology. There is a serious lack of trust for India to try Chinese companies for 5G network for security reasons.

From Wuhan Spirit to Chennai Connect

It remains a mystery how the informal mechanism was proposed by either China or India. This informal mechanism has played a special role to address distrust. In April 2018, the first China-Indian informal summit was held in Wuhan, which saw the two leaders having six intense sessions in 24 hours and providing a strategic direction to their forces to ensure peace and tranquillity on the border disputes. Referring to last year's Wuhan informal summit, Chinese ambassador to India Sun Weidong said: "the two leaders put forward three recommendations: a) China and India should see each other as positive factor in the changing international landscape; b) Development and growth of China and India is an important opportunity for each other; c) China and India should analyse and view each other's intentions in positive, open and inclusive light".¹² Although many analysts expressed the limited tangible outcome of this form of diplomacy, the effectiveness cannot be underestimated.

⁸ Huma Siddiqui, 'India's SAGAR inauguration to help maritime piracy and terrorism', Financial Express, 23 December 2018.

⁹ Interview with Indian External Affairs Minister S Jaishankar, <https://www.youtube.com/watch?v=KkH7tq-gS1U>, Valdai Discussion Club, 27 August 2019.

¹⁰ Dipanjan R Choudhury, 'India, China looking at 'RCEP protocol' to fix trade imbalance', The Economic Times, 14 October 2019.

¹¹ Ibid.

¹² "Ambassador Sun Weidong Interviewed by The Times of India and Hindustan Times", 25 September 2019. https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zwjg_665342/zwbd_665378/t1701787.shtml

Over the past year, the two sides actively implemented the important consensus reached by the two leaders, and the positive effects of the Wuhan informal summit are still unfolding. The two sides have maintained close high-level exchanges. President Xi and PM Modi met five times on the sidelines of multilateral forums such as BRICS, the Shanghai Cooperation Organisation (SCO) and G20. China and India successfully held two rounds of meetings of high-level, people-to-people and the Cultural Exchanges Mechanism.

In September 2019, China and India held the Sixth Strategic Economic Dialogue to explore ways to synergize development strategies. Today, over 1000 Chinese companies are doing business in India, with a cumulative investment of US\$8 billion (S\$10 billion), creating more than 200,000 local jobs. China-India relations have shown a sound momentum of development. It not only promotes the common development of the two countries, but also has a positive impact on regional peace and stability.

Although the two leaders have met so many times in the past year, each side still maintained a high commitment to go ahead with the second informal meeting, which showcases the uniqueness of the mechanism. Even though more than 100 dialogue mechanisms exist between China and India, this informal meeting is irreplaceable. This is the only informal meeting India has ever had and so to for China. Especially for strong leaders like Xi and Modi, using summitry to discuss either trade or security beyond their sclerotic administrations, are effective in producing positive relations and building solid trust.

The informal meeting is held at a critical time. This is the first foreign visit of a Chinese leader after the big 70th anniversary celebrations of the People's Republic of China (PRC), and Xi would also be the first foreign leader to have a summit meeting with PM Modi since the latter's re-election. More importantly, the meeting takes place amidst mounting scepticisms of China-India relations after India's abrogation of Article 370, India's agreement with the upgraded Quad ministerial meeting on the side-lines of the United Nations General Assembly, and China's recent actions, including calling for a United Nations Security Council meeting in support of Pakistan's opposition to India's actions on Kashmir.

The Chennai Connect exhibited a different sort of power dynamic. Given the vision and frame of informal summits, the two leaders did not follow any formal agenda or timelines, nor did they make any formal statements at a press conference. The very nature of informal summits implies sharing notes and seeking and giving clarifications to build trust and undertake joint initiatives. It is a very significant and unique way to address the China-India trust deficit.

From the Wuhan Spirit to the Chennai Connect, the distance India and China have travelled is not long.¹³ President Xi emphasised the importance of mutual trust quite frankly in his speeches. "We should take a correct view of each other's development and enhance strategic mutual trust. No matter from any point of view, China and India should be good

¹³ "Modi-Xi meet: Wuhan spirit to Chennai connect", *The Economic Times*, 13 October 2019. <https://economictimes.indiatimes.com/news/international/modi-xi-meet-wuhan-spirit-to-chennai-connect/articleshow/71558081.cms>

neighbours and good partners who live in harmony and move forward hand in hand.” Likewise, PM Modi expressed in a tweet, that the “Chennai Connect will add great momentum to India-China relations and will benefit the people of both nations and the world”.

The Chinese state-run Xinhua news agency on Saturday quoted some of the main points Xi elaborated during the meeting. The big takeaway for most observers was his emphasis that bilateral differences should not be allowed to “dilute” cooperation and that the dance of the dragon and the elephant is the only “correct choice” for both sides. Following these general directions, Xi proposed a six-point formula for the continuous development of ties without letting the differences disrupt the relations.

Way Forward

So how is having the informal summits helpful in reducing the distrust? Through the Wuhan Spirit and Chennai connect, India and China are telling the world that whatever the differences be, the two sides can understand each other better, the differences are put on the table and potential areas of cooperation, although narrow, can be identified.

There are other goodwill gestures offered from the Chinese side. Xi also suggested that both countries should improve the level of military security exchanges and cooperation, like carrying out joint exercises and training, strengthening cooperation between law enforcement and security departments and enhance mutual trust between the two militaries. On the economy and trade front, the two countries set up a new high-level mechanism on trade, investment and manufacturing that will have Finance Minister Nirmala Sitharaman on the Indian side and the Chinese Vice Premier, Hu Chunhua, on the other.

It provides a good opportunity for China and India to synergise economic development strategies and explore the establishment of manufacturing partners. The enrichment of cultural and people-to-people exchanges was also the highlight of the summit. From friendship cities to joint research between institutes, those soft parts of cooperation are complementary in building trust and reinforcing exchanges.¹⁴ For most of the Chinese people who would like to visit India, the exhaustive visa application is an issue. The Indian government’s decision to liberalise its e-visa policy for Chinese nationals is now widely welcomed. More Chinese tourists in India could mean that familiarity and a better public opinion may change the fundamentals of the trust problem.

According to the Indian Ministry of External Affairs’ statement, Modi and Xi also appraised the practice of informal summits in a positive light as providing an important opportunity to deepen dialogue and to promote mutual understanding at the leaders’ level in line with the ‘Wuhan Spirit’ and the ‘Chennai Connect’.¹⁵

¹⁴ “The second China-India informal summit achieves fruitful results”, 13 October 2019, Xinhua, http://www.xinhuanet.com/world/2019-10/13/c_1125097594.htm

¹⁵ Ministry of External Affairs, Government of India, “2nd India-China informal meeting”, 12 October 2019. <https://www.mea.gov.in/press-releases.htm?dtl/31938/2nd+IndiaChina+Informal+Summit>

The mechanism of the informal meetings has become a creative way to reduce the trust deficit between China and India, which could perhaps be replicated by the two countries on other occasions. Although many hurdles still exist, China-India relations have gained more impetus to move forward. PM Modi accepted President Xi's invitation for the 3rd Informal Summit said to be held in China. We may expect the strategic communication between China and India to get stronger in the future, which will offer a long and sophisticated direction in addressing the China-India trust deficit.

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