

## Could China Become India's New Best Friend?

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*By Stanley A. Weiss*

On October 20, 1962, 80,000 Chinese troops streamed into the disputed Himalayan borderlands between China and India. Americans could be forgiven for overlooking a border war high in the Himalayas -- coming, as it did, a week into the white-knuckled Cuban Missile Crisis. But in China -- and especially India -- the war, which cost several thousand lives and resulted in India's humiliating retreat, has not been forgotten. Through the years, tensions over the two nations' ill-defined boundaries have festered, with frequent reports of Chinese incursions and a recently-released Chinese map including the Indian state of Arunachal Pradesh as Chinese territory.

These routine acts of "politico-military belligerence," as New Delhi-based Dr. Monika Chansoria describes them, have contributed to the sense that the world's largest democracy and its largest Communist neighbor are destined to be at odds. Several years ago, a Pew survey found more Indians viewed China unfavorably, ranking second only to Pakistan in countries India considered a threat. In 2010, the cover of the Economist featured two arm-wrestling biceps -- sporting a dragon and a tiger tattoo, respectively -- with the headline, "China and India: Contest of the Century." A year later, it was the cover of TIME magazine, with an elephant and a dragon fighting beneath the headline, "India vs. China: Which Economy Will Rule the World?"

The answer, it seems, is both -- or so Beijing and New Delhi hope. Fed up with record levels of corruption and political paralysis engendered by its own Western-style political system, Indians overwhelmingly elected a new prime minister -- the former governor of the Indian state of Gujarat, Narendra Modi -- who has spoken openly of his admiration for Beijing's strong-arm leaders and their ability to get things done. Now, as India consciously attempts to model itself on China's rise, India's one-time antagonist may well be its closest friend over the next decade. And Modi -- a longtime nationalist who declared at a campaign rally in Arunachal Pradesh that China must abandon its "mindset of expansion" -- seems to be

calculating that, at least for now, cross-border economic engagement will gradually lead to a resolution of border disputes.

That was the message Indian Vice President Hamid Ansari conveyed last week on a high-profile, five-day visit to China -- the latest in a series of diplomatic overtures between the two countries timed to coincide with the 60th anniversary of Panchsheel, China and India's "Five Principles of Peaceful Coexistence."

"There is enough space in the world for the development of India and China, and the world needs the common development of both countries," Ansari told an audience in Beijing. "Our destinies are linked by geography and history. We welcome China's peaceful development and regard it as a mutually reinforcing process."

To that end, Ansari and Chinese Premier Li Yuanchao signed several agreements on manufacturing and flood monitoring--in addition to promising to create a framework for future cooperation. Already, bilateral trade has exploded more than 230 percent since 1990, reaching \$66 billion in 2012. China and India's militaries have begun conducting joint exercises, and last week, India's Army chief General Bikram Singh became only the second such official to visit China. To underscore the depth of China and India's friendship, scholars from each country jointly produced a new encyclopedia -- unveiled during Ansari's visit -- detailing their millennia of cultural and commercial ties.

Naturally, the specter of nationalism still hangs over the Himalayas. As the journalist Ankit Panda cautions, "India will accept China's economic overtures, but it won't abandon its strategic mistrust so soon." Still, this "Year of Friendship" between China and India is enough to have observers reviving the concept of "Chindia," coined by Indian MP Jairam Ramesh to describe the complementary rise of both nations as a regional whole. Each country hopes that their respective economies will

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complement each other, with India learning from China's successful industrialization and China drawing on India's service and IT expertise as it moves to a knowledge-based economy. Indeed, with 37 percent of the world's population contained within "Chindia's" borders, an economically-integrated union would make China and India an unstoppable driver of global markets.

To capitalize on this moment and move past the petty disputes of the past, expect India and China to focus on three key areas.

First is infrastructure. China has offered to finance 30 percent of India's \$100 billion price tag to upgrade its aging roads, railways, and power grids. They have likewise invited India to join their proposed Asian Infrastructure Investment Bank, which aims to raise \$800 billion for continent-wide projects without the assistance Western institutions like the World Bank. While India is wary of being treated as a client state of China's, this is an offer they cannot refuse; few things would do more to jumpstart Indian progress.

Second is investment. China currently invests \$1.1 billion in India -- only 0.15 percent of total Indian FDI from 2000-2013--but its businesses are eager to invest more. Last week, Chinese and Indian officials launched a \$200 million green energy park in Modi's home state of Gujarat. Modi -- who made several trips to China as governor and even had his business cards printed in Chinese on an auspicious red background -- is keen on many more. And with 85 million Chinese manufacturing jobs ready to move elsewhere as the Chinese economy becomes more innovation-driven, China would be well-served to create new opportunities for its workforce on the subcontinent.

Finally, India has to clear up its dreaded red tape. According to the International Business Times, Indian state governments have begun reducing regulatory barriers to Chinese investment. Indian Trade Minister Nirmala Sitharaman promised as much when she met with her Chinese counterpart Gao Hucheng, culminating in a landmark agreement to set up four Chinese industrial parks in India. But much more will have to be done to make India competitive with China's exceedingly efficient

regulatory process.

"We are seeing the gravity of world economy shifting towards Asia," Ansari declared in Beijing last week. "Could the 21st century be an Asian century?" Only time -- and concerted effort from both sides -- will tell.

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