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Multilateralizing Chindia

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The last few years have witnessed a regular stream of irritants in Sino-Indian interactions. Even bilateral trade, once regarded as the pillar of their rapprochement, has been losing its shine with a rising trade deficit in China's favor reaching US\$16 billion in 2010. This deficit is expected to reach US\$25 billion by 2015 with total trade at around US\$100 billion. Unless the two countries explore other avenues of mutual benefit, even this modest trade target may become impossible to achieve.

It is against this backdrop of increasingly lukewarm interactions that observers are now beginning to witness a new spark. The increasing frequency of Sino-Indian interactions at multilateral forums is fast emerging as a force that is slowly but surely transforming the nature of their bilateral relationship.

These new interactions highlight shared values and visions, as well as common challenges and concerns. This helps strengthen mutual understanding and even joint strategies for tackling issues such as climate change, energy security, terrorism, and other regional concerns. This emerging new "context" of shared Sino-Indian international interests is widely predicted to have a positive impact on Sino-Indian bilateral relations.

BRICS Summit

This multilateralizing of Chindia interactions was obvious at the bilateral summit between Chinese President Hu Jintao and Indian Prime Minister Manmohan Singh held on April 13, on the eve of the BRICS Summit and Boao Forum hosted in China. The outcomes of this meeting further reinforce the above prognosis on the changing nature of Sino-Indian relations. Even critics acknowledge that this summit has brought some easing to tensions and increased understanding between both parties.

At the top of India's list of achievements was the inclusion in the "multilateral" BRICS Sanya Declaration of China's and Russia's endorsement of India's aspirations, along with those of Brazil and South Africa, "to pay a greater role in the UN." From an Indian perspective this multilateral statement is perceived as a step forward from similar Chinese and Russian endorsements in bilateral negotiations with India.

Secondly, the Sanya Declaration also underlined how "the governing structures of the international financial institutions should reflect the changes in the world economy, increasing the voice and representation of emerging economies and developing countries." To this effect, BRICS signed a framework agreement allowing their central banks to facilitate credit transactions in local currencies. This is seen as an attempt to rectify what is considered as an over-reliance on the US dollar as the common medium in international trade transactions, a sentiment shared by both China and India.

Swaran Singh, Professor of International Studies at Jawaharlal Nehru University, argues that at times the relationship between China and India has been troubled; however this could now be changing. "The increasing frequency of Sino-Indian interactions at multilateral forums is fast emerging as a force that is slowly but surely transforming the nature of their bilateral relationship."



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Thinking Afresh

In other multilateral forums, China and India have also been calling for more input into global financial governance and decision-making. This has resulted in bringing China and India into positions of greater responsibility and prominence. Recent meetings of the G-20 Finance Ministers authorized the IMF to undertake “evaluations” for better coordination amongst the world’s seven largest economies (G-7), including China and India. This marks a new beginning where China and India may be recognized as part of a future G-7. The fact that trade deficits and currency controls are part of the IMF evaluation is again welcomed by India.

The other significant achievement of the bilateral Sino-Indian meeting at the BRICS Summit was the decision to revive military-to-military exchanges. India suspended military visits last June following a dispute over China issuing stapled visas to residents of Jammu and Kashmir. This included Lt. Gen Baljit Singh Jaswal, Chief of India’s Northern Command that covers Jammu and Kashmir. This particular issue is now treated as “administrative”, and as such India is expected to send a military delegation to China before the end of this year.

The final outcome of this bilateral summit was the agreement to set up a “working mechanism for consultation and coordination” regarding the long-running joint border negotiations. When Indian Prime Minister Atal Bihari Vajpayee visited China in June 2003, there was an agreement to raise the level of negotiations to Special Representatives, which in turn was expected to explore the broader “political perspectives” regarding the boundary question. This new expanded mechanism for holistic consultations expands their discussions by including all issues of “peace and tranquility” within the border regions.

Testing Hypothesis

Do these outcomes from the “multilateralization” of Sino-Indian bilateral engagements reflect a new trend of mutual understanding and, is it in turn resulting in increased bilateral accommodation? At the very least, the “multilateral” BRICS setting guaranteed that the media glare, along with scrutiny from their respective domestic audiences, was not focused solely upon the two leaders. This contributed to both sides being able to pursue a pragmatic businesslike problem-solving approach to their bilateral negotiations.

However, this new pragmatism also comes from the growing expectation from within these “multilateral” forums of the new stature of China and India as “emerging” powers. This, in turn, has brought increasing gravity and finesse to Sino-Indian parleys. Going forward, continued multilateral forums involving Chinese and Indian participation will ensure greater space for these two countries to shape international relations for the 21st century.

The United States Must Engage Chindia

Chindia is now more visible than ever on the horizon. This puts the onus on the United States to begin recognizing the emerging new G-7, to engage China and India in multilateral forums, and to jointly formulate new power and burden sharing paradigms.

The ongoing multilateralization of Chindia perhaps offers an opportunity to the United States, China and India, along with the rest of the world, to ensure a smooth power shift where, by 2050, Asia will be producing half of global domestic product. There is no better way to squaring this “fluctuating” triangle.