

# Small steps that matter



China views India's position on the BCIM as a barometer of its attitude towards Beijing's South Asia policy and the degree of its strategic trust.

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Chinese President Xi Jinping's visit to India, his first since he assumed office in March 2013, has now come to an end. Xi's trip was the first state visit by a Chinese president to India in eight years. The last stop in Xi's four-nation tour in Central and South Asia, it was the most important, and the interaction between Xi and Prime Minister Narendra Modi over the last few days set a positive tone for ties between the two countries.

Xi's India visit should be understood in the context of China's new periphery diplomacy strategy for the next 5-10 years. The Communist Party of China (CPC) Central Committee convened a neighborhood diplomacy conference in October last year, marking the beginning of Xi's periphery diplomacy, which is based on the principles of qin (amity), cheng (sincerity), hui (benefit) and rong (inclusiveness). Xi also put forward a series of important cooperation initiatives, such as the Silk Road Economic Belt and the 21st century Maritime Silk Road — “one belt and one road” — and the Asian Infrastructure Investment Bank. These reflect China's commitment to bringing more benefits to its neighbours and contributing to common development through its

own growth. Given that China shares most land boundaries with South Asian countries, it is natural that the region's importance will continuously increase under these new initiatives. India is the most significant piece on China's South Asian chessboard.

Despite the dissonance between the warm welcome laid out by Modi for Xi and the congruent standoff along the India-China border, the dispute was not allowed to overshadow the spirit of cooperation blooming between the two countries. Both leaders seem to be pragmatic in their wish to establish deeper bilateral ties, with economic development a major shared concern. If Modi needs growth to deliver on his promise of "achhe din", China too is at a critical juncture. It is Xi's mission to secure domestic stability and keep up the steady growth of China's economy.

In that vein, compared with previous high-level visits, many of the bilateral agreements signed this time allow China to make massive investments in India's infrastructure and manufacturing sectors. For years, this was stymied by New Delhi's security concerns. China runs huge trade surpluses with India, more because of the Indian demand for cheap Chinese goods than any conscious policy on the part of the Chinese. This imbalance can only be addressed if the volume of India's exports to China is enhanced, and increasing Chinese investment in India is one way to do so. Moreover, overcapacity in industry has threatened China's growth, and it needs to relocate manufacturing sectors in countries where labour costs are lower. The agreements on railways and industrial parks and the five-year trade and economic development plan could be the building blocks for mutually beneficial economic cooperation in the long run.

Among Beijing's main expectations from this visit was the hope that Delhi would clarify its position on the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor and give China concrete support, since the BCIM is an integral part of Xi's "one belt and one road" project. China views India's position on the BCIM as a barometer of its attitude towards Beijing's South Asia policy and the degree of its strategic trust. There was a positive response at least at the rhetorical level, as Modi remarked that "India believes that reconnecting Asia is important for its collective prosperity" while welcoming Xi. But how cooperation on the BCIM will evolve remains to be seen. China also

reiterated its support for India's aspiration to play a more active role in the UN and the Security Council, and it will support Delhi's membership to the Shanghai Cooperation Organisation.

Although the border issue will continue to hinder India-China relations and true political trust will be impossible to establish in the absence of a settlement, there is enough space to develop cooperation on common concerns. Shortly before Xi's visit, Modi coined a new terminology to describe India-China relations — “inch (India-China) towards miles (millennium of exceptional synergy)”. This adequately describes the development of India-China relations over the past two decades: though there were tensions and ups and downs, the general tendency was towards intensified contact and communication between the two Asian giants. We cannot expect one high-level visit to result in a major step forward. But the accumulation of small steps could lead to a grander vision.

In a speech at the Indian Council of World Affairs, Xi said, “One who wishes to be successful, seeks to help others to be successful. One who wishes to be understood, understands others.” The political leaders of India and China are taking the initiative to foster a shared culture based on reciprocity and common interests. Hopefully, a deeper understanding of each other could lead to a better future.

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