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Two giants with an opportunity for partnership

Kishore Mahbubani Mar 17 17:19 Comment



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Today, the most important bilateral relationship is that between the US and China. Tomorrow, it will be the one between China and India, the world's biggest emerging powers. That is why the most significant meeting of this year may well be the one between President Xi Jinping and Narendra Modi, India's prime minister, in Beijing in May.

Barely 35 years ago, any development economist who predicted that the most populous nations on our planet would also become the two fastest growing economies would have been treated with derision. Pessimism was the order of the day then as China and India appeared destined to stay mired in poverty.

Today, a different destiny awaits as the two nations are poised to enter a period of growth and prosperity. Yet it is also clear that they could seize defeat from the jaws of victory. Both could slow down their growth if they are caught in a vicious spiral of bilateral competition and rivalry. That could well happen. Indeed, Mr Xi's visit to New Delhi last September was seriously damaged by reports of a big incursion by 600 Chinese troops at the disputed Sino-Indian border.

The border dispute remains the biggest cloud in the relationship. Deng Xiaoping, the late Chinese leader, did propose a breakthrough deal in June 1980. He stated that China would be willing to accept the watershed principle in the eastern sector in exchange for India renouncing its claims to Aksai Chin. In short, both sides should accept the present line of actual control. Sadly, India turned it down. Today, India would be happy to see the same deal proposed. But it would take a lot of political courage for Mr Xi to table it again, since he could be accused of giving away Chinese territory. Yet he could do so by saying that it was Deng's proposal that he was tabling.

Wang Yi, Chinese foreign minister, recently said that, "The dispute has been contained." It would be better to go beyond containment and move it aside. This would allow China and India to seize the remarkable synergies between their two economies. China is rich in capital and short of workers. India is short of capital and rich in workers. Chinese foreign direct investment in India would benefit both economies. China is also an infrastructure superpower, while India has infrastructure deficits. On this count, too, it could be a marriage made in heaven.

Yet there is also a trust deficit between the two nations. The Indian public, fed by negative stories in the media, has grown wary of China. Hence, a few trust-building steps may be in order. Both are committed to peaceful nuclear use. China could welcome India into the nuclear suppliers group and propose trilateral development of the new AP1000 pressurised water reactor between Westinghouse, China and India.

China has also been spectacularly successful with free trade zones. India needs a few of them. One idea might be a zone straddling the Indo-Pakistan border, thus reviving the old links between the two Punjab provinces. Since Pakistan is a big thorn in the Sino-Indian relationship, this would be a huge trust-building move. It could be complemented by Chinese-built pipelines of gas from Central Asia to India via Pakistan. Other potential areas of co-operation are cyberspace, pharmaceuticals, solar energy from space and river water.

But the first breakthrough can only come if President Xi and Mr Modi are prepared to be truly statesmen-like. Fortunately, a confluence of geopolitical interests could make it easier for them to do so. Clearly, it would be a geopolitical loss for China if India were to drift towards an alliance with the US. This would shift the correlation of forces against China.

But India also has significant worries about the continued stability of both Pakistan and Afghanistan, especially after the US withdrawal from the latter. There are now suggestions from China for Sino-Indian collaboration on Afghanistan. In the past, strong Pakistani objections would have scuttled any such proposal. The fact that it is being mooted now shows the new convergence of geopolitical interests between China and India.



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Much will be at stake when messrs Xi and Modi meet in Beijing. If both seize the opportunity, the two economies would get a big boost. The 21st century will also become a much calmer one if tomorrow's powers are seen to be walking towards a peaceful and constructive partnership. And, yes, it can be done.

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