

SINO-INDIAN RELATIONS

Taming the dragon

Ambivalence and pragmatism rather than idealism works when it comes to dealing with China. Europe has realised this, time Asian nations did

ANURAG VISWANATH

Singapore-based Sinologist, and adjunct fellow at the Institute of Chinese Studies, Delhi. Views are personal



IN THE ONGOING global recalibration of China's leitmotifs, there are various viewpoints. There is the recent exuberance of French president Emmanuel Macron's declaration that the 'time of European naïveté' towards China is over and there is jubilation (at least, in China) over the recent China-Italy Memorandum of Understanding (MoU) endorsing China's Belt and Road (BRI). On the other hand, in Asia, among other rumblings, notably on the South China Sea and the East China Sea, recent discourse such as "China is Missing with Your Mind" (2019) by distinguished former diplomat Bahari Kausikan (a Singaporean of Indian descent) suggests the Asian naïveté towards China should get over. These viewpoints are but larger metaphors of how Europe and Asia view China's rise differently. Even if they seem different, in fact, they are not. Here's why.

President Macron's immediate context is, no doubt, the \$40 billion-dollar deal that China has inked with France, including with Airbus (where China will buy 290 A320 and 10 A350 aircrafts). There is Italy's landmark MoU with China. The view in Europe is waxed by the economic opportunities that China brings, and the fact that the geographical distance between Europe and Asia ensures China is no big threat. China may be rising and recalcitrant, but it is not in Europe's backyard. In Asia, the immediacy of a populous, economic and military heavyweight China in the backyard comes with opportunities and synergies that cannot be disputed—but neither can its challenges.

Indeed, be it Europe or Asia, there is one commonality that underpins relations with China—ambivalence and pragmatism. China's rise on the heels of the Cold War, socialism and Deng Xiaoping's reforms has, as Kausikan has argued, resulted in a world order characterised not by binary but multi-power relations, of alliances based on contrarian opposites of 'hedging' and 'engagement', of a newly-minted policy dexterity—be it Sino-Japanese, Sino-Russian or Sino-Indian relations where relations are friendly, if non-committal.

"Read between the lines of President Macron's is perhaps what France is trying to convey to ally America that is pressuring France to step up contributions to NATO. There is also France's divergence with America's recognition of Jerusalem as the capital of Israel. What Italy is trying to do is no different—pressured by a Germany that is out to teach the 'fiscal miscreant' a thing or two about fiscal austerity. Italy's MoU under a non-traditional, populist government has been pragmatic with the MoU neither legally binding and leeway that either could withdraw from the MoU with a three-month notice—which has many conjecturing that China may have got little else but Italian oranges.

China should know, given its own ambivalence and pragmatism with intransigence on Masood Azhar (chief of JEM)—China, for the fourth consecutive time, blocked India's resolution at the UN designating Azhar as a global terrorist. It saw little contradiction between this stance and its trade with India touching \$85 billion (2018). In the meantime,

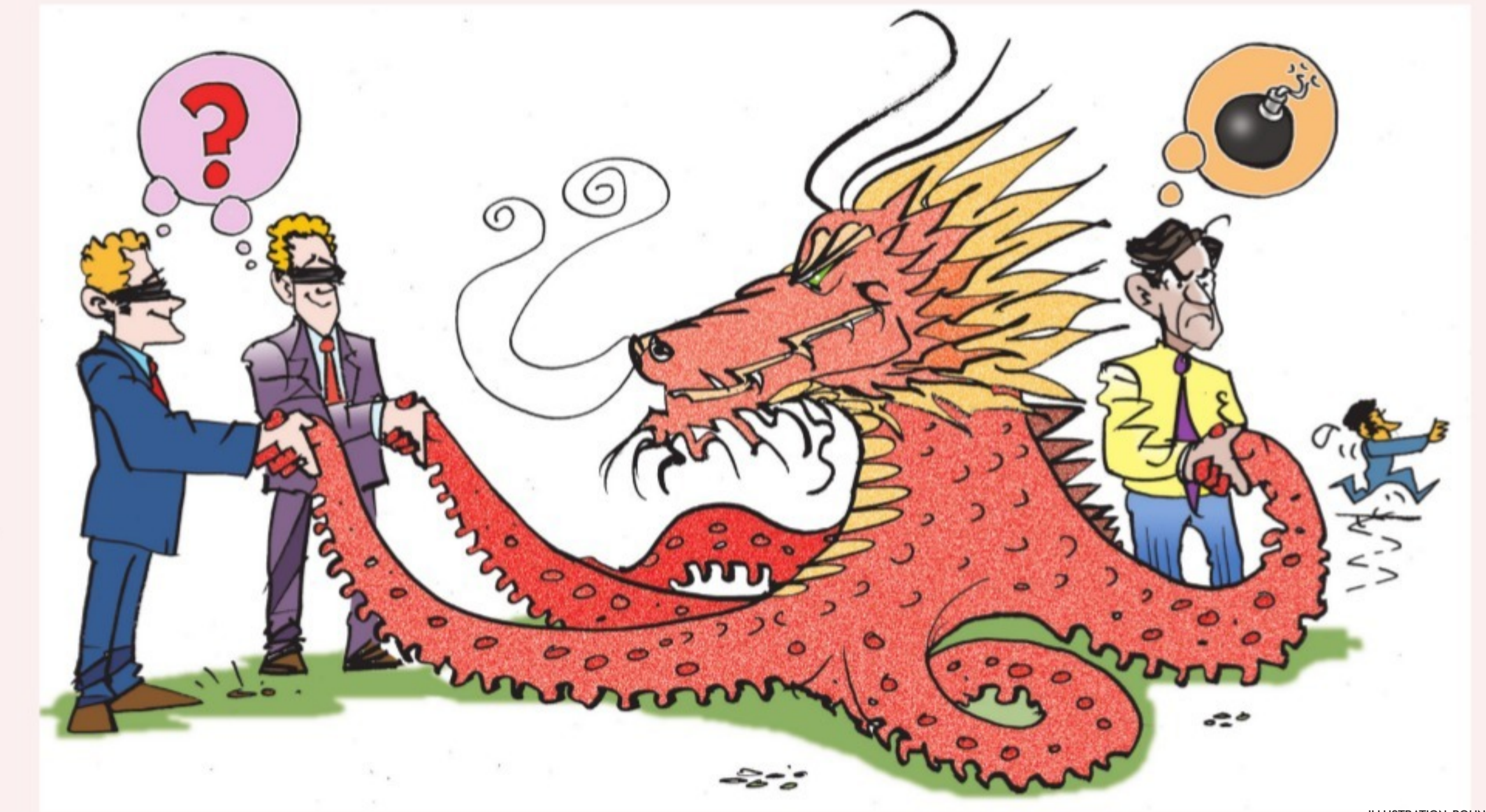


ILLUSTRATION: ROHINIT PHORE

bilateral trade deficit has declined to \$41.3 billion (2018), but continues to tilt in China's favour. India's exports are still primary goods (oil, cotton) and India's pharmaceutical industry depends on China for chemicals.

China's stance on Azhar appears more marked, given it released a White Paper on anti-terrorism and human rights protection in Xinjiang "The Fight Against Terrorism and Extremism and Human Rights Protection in Xinjiang" (March 18, 2019) claiming to be "against all forms of terrorism and extremism". China has been embattling dissent in Xinjiang or XUAR—Xinjiang Autonomous Region, an autonomous region of 22 million people where the Uyghurs/Turkic Muslims are the largest ethnicity.

China has tinkered with the demographic profile in Xinjiang, making it more Chinese. An equivalent Xinjiang-scenario in India would be abrogating Article 370 and flooding Jammu & Kashmir with for example, people from the Hindi belt or Tamils recasting them as J&K's 'pioneer generation' and thereby making J&K more "Indian". That China has forcibly incarcerated

1-3 million Uyghurs 'vocational training centres' or 're-education' camps hasn't escaped global approbation—a practice that US secretary of state Mike Pompeo wants China to end, calling it 'abhorrent'. The discontent in China has spilled over to Pakistan where China spearheads a \$62 billion investment under the China Pakistan Economic Corridor (CPEC) which connects southern Xinjiang with Gwadar. But this is in a bind, 'shackled by security issues'—Chinese personnel need a 15,000 strong Pakistani security force to guard them.

At least, China has been more consistent with its ambivalence and pragmatism with respect to India. India recognised Tibet as part of China (2003) when China was still ambiguous about Sikkim. In 2016, Dolkun Isa, chairman of the executive committee of the World Uyghur Congress (WUC), was granted a visa to attend a conference in Dharamsala (India) but the visa was revoked after China protested. In 2018, a circular asked government officials in India not to participate in public events attended by Tibetan leaders in exile.

Despite the bonhomie of India and

China at Wuhan (2018), China's economics has been flying high in South Asia. China's FDI (2018) is the largest in Nepal, and China's plans for railway connectivity from Shigatse to Kathmandu and onwards to Lumbini are on track.

The 2018 elections in Maldives between Abdulla Yameen (Progressive Party) and opposition leader Ibrahim Mohammed Solih (Maldivian Democratic Party) became a proxy battle between India and China.

Myanmar too has begun its 'Look East' policy, partnering with China on BRI and committing to the Kyaukphyu port, and railway from Ruili (China) to Kyaukphyu. Philippines too has launched a massive infrastructure connectivity project with China's backing.

ity project. China is putting its money where the mouth is, but that money finds itself in a quandary.

India has been slow in picking up lessons in ambivalence and pragmatism, slow to shed its skin of idealism, but better late than never. India has actively gauged gains from the Security Quadrilateral (QUAD), America, Australia, Japan and India, Indo-Pacific, Communications Compatibility and Security Agreement (COMCASA, 2018).

There is more than meets the eye. China blocking Azhar may not have been about terrorism but due to purported American and Israeli vital intelligence support on the Indian airstrikes in Balakot which evaded the Pakistani defences, some of which were supplied by China, embarrassing India vis a vis Pakistan.

America's recent draft resolution seeking to blacklist Azhar and allowing India oil imports from Iran, and Pakistan's statement that China could lift the technical hold at the UN on Azhar's listing as a terrorist (on certain pre-conditions) are other instances of pragmatism.

India has been slow in picking up lessons in pragmatism, slow to shed its skin of idealism, but better late than never

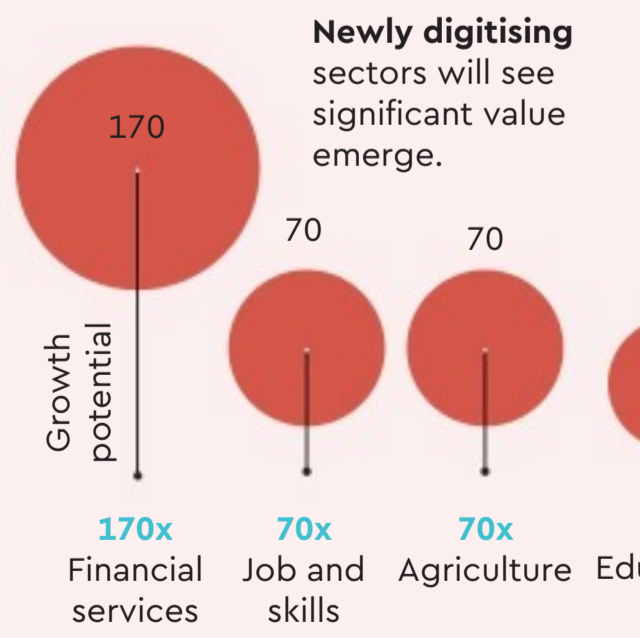
DATA DRIVE

INDIA IS ONE of the largest and fastest-growing markets for digital consumers, with 560 million internet subscribers in 2018, second only to China. A study by McKinsey Global Institute says that digital applications could proliferate across most sectors of the economy. By 2025, core digital sectors such as IT and business process management, digital communication services, and electronics manufacturing could double their GDP level to \$355 billion to \$435 billion.

Newly digitising industries including agriculture, education, energy, financial services, healthcare, logistics, and retail, as well as government services and labour markets, could each create \$10 billion to \$150 billion of incremental economic value in 2025 as digital applications in these sectors help raise output, save costs and time and reduce fraud.

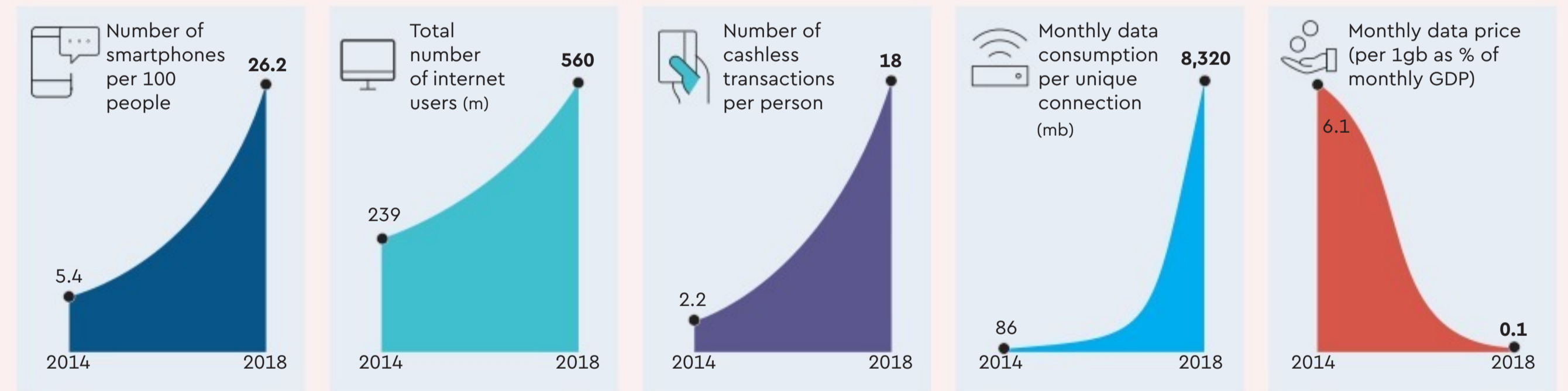
The productivity unlocked by the digital economy could create up to 60-65 million jobs across almost all sectors by 2025. However, automation can eliminate the equivalent of 40-45 million returning jobs, necessitating large scale retraining and redeployment.

By 2025, digital could transform India's economy, sector by sector (bn)

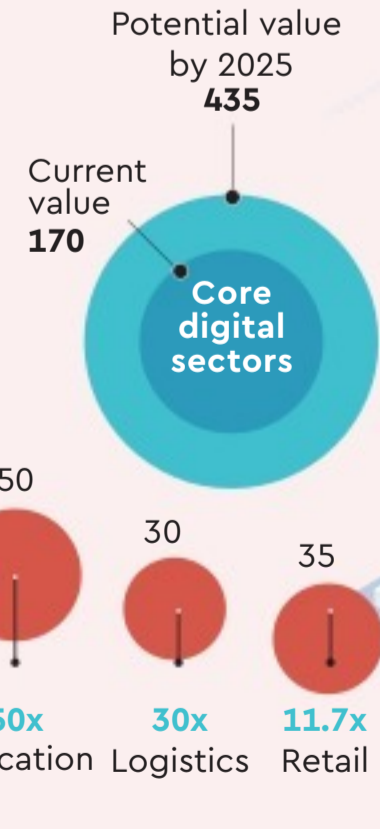


India's digital leap is well under way

Digital usage in India is soaring as costs tumble



Core digital sectors have the potential to more than double by 2025 (bn)



India is among the top two countries globally on many key dimensions of digital adoption

- India no. 1 globally: 1.2b people enrolled in the world's largest unique digital identity program
- India no. 2 globally, behind China: 12.3b app downloads in 2018, 1.17b wireless phone subscribers, 560m internet subscribers, 354m smartphone devices, 294m users engaged in social media

India, coming off a low base, is the second-fastest digital adopter among 17 major digital economies

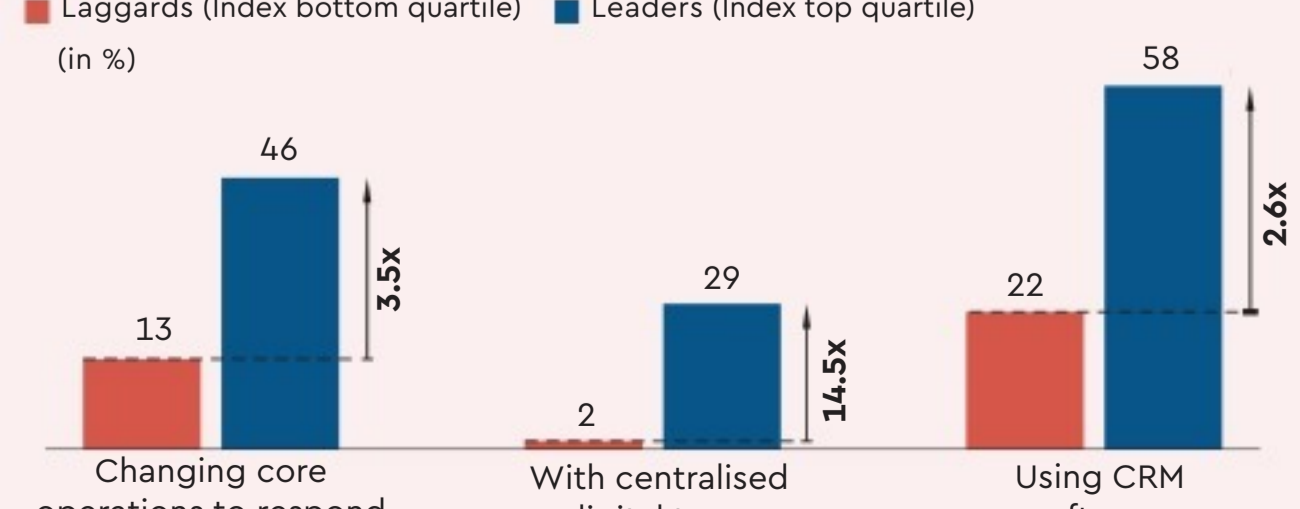


Growth in Country Digital Adoption Index % growth, 2014-17



1. MGI's Country Digital Adoption Index represents the level of adoption of digital applications by individuals, businesses, and governments across 17 major digital economies.

The MGI India Firm Digitisation Index shows digitally advanced firms are pulling ahead of their peers



India's data usage quadrupled in one year as prices fell



Digital application use across India is soaring

