

# Strategic Analysis Paper

26 March 2015

## Sino-Indian Relations and Modi's Visit to Beijing

**Lindsay Hughes**

*FDI Research Analyst*

*Indian Ocean Research Programme*

### Key Points

- Modi's forthcoming visit to China has the potential to set the tone of Sino-Indian relations for years to come.
- India requires Chinese investment to reconstruct its dilapidated infrastructure. It cannot, however, be seen to overly accede to Chinese demands; on territory that it currently administers, for example.
- China, for its part, needs to draw India away from its growing relationship with the United States. Beijing cannot afford to have a close partner or agent of Washington situated immediately to its west when it already has US troops located in South Korea and Japan to its east and on-going territorial disputes with Japan, the Philippines and Vietnam.
- Both countries have political, economic and strategic imperatives with which to contend. Modi's visit, therefore, will be more important than his other visits abroad as Prime Minister.

### Summary

Indian Prime Minister Narendra Modi is scheduled to visit Beijing by the end of May this year. At first glance this visit will be another expression of his stated intention to renew India's relationships with its regional neighbours and other key regional actors. Modi has declared his intention to make India more relevant in the region and further afield, as befits Asia's third-largest and growing economy, a regional military power and the world's largest democracy. Much more interesting, however, will be the subtext of the visit. Mr Modi will

visit China not only as the Indian Prime Minister but as one who has a very strong nationalistic background as a member of the Indian Rashtriya Swayamsevak Sangh (RSS). This is a nationalistic organisation that stands above all for a Hindu India that must be respected internationally and, going by its literature, willing to use force to achieve its goals. Given that background, it is not surprising that he has called for a very muscular approach to India's national security. This is demonstrated in his castigation of the previous coalition government, led by Dr Manmohan Singh, when he [remarked](#) in reference to the 2008 Mumbai attacks, 'Indians died and they did nothing. ... Talk to Pakistan in Pakistan's language because it won't learn lessons until then.'

He will, moreover, visit China after having achieved a further enhancement of US-India relations after President Obama's visit to New Delhi in January and, importantly, rapidly growing ties with Japan. The visit also comes at a time when China is beset with territorial issues to its east, a slowing economy and, arguably because of its aggressive behaviour, could face the danger of a coalition led by the US and including, among other states, Japan, the Philippines, Australia and India. China could, therefore, be seen to view India more seriously because Washington, Tokyo and Canberra do. Modi will also be returning the visit to India last year by Chinese President Xi Jinping.

India, for its part, will want China to provide it with the funds required to restore its infrastructure, which will in turn enable it to grow to its full economic potential. Modi will, therefore, have to balance between not being seen to bend to China's will while simultaneously depicting India as an investment destination for Chinese capital. How he does that and the outcomes of his discussions with the Chinese leadership could well set the tone for Sino-Indian and, arguably, US-Indian relations for years to come.

### Analysis

As a former Australian Prime Minister has [stated](#), China sees India through three lenses: in terms of the on-going border dispute between the two countries, in terms of economic opportunity and through the lens of foreign policy and national security. There is, however, little real agreement on this. At least one analyst is of the opinion that India does not really figure very high on Beijing's list of priorities, while others believe that China pays more attention to India than it is willing to admit in public. Yet another states that, for its part, India sees China as the most serious threat it faces while, for China, the threat that India poses is relatively smaller. There is, essentially, much uncertainty in two-way perceptions. It is probably safe to say that, in the view of hyper-realistic Beijing, India simultaneously poses a threat of some magnitude – especially when observed in the light of its growing relationships with the US and Japan at a time when China has other issues to contend with to its east – yet simultaneously offers an economic opportunity to offset to a degree any slowdown in its economy. The perception in Beijing of the potential threat that India poses will, no doubt, be enhanced by Modi's nationalistic background. This perception, combined with his activities prior to his trip to Beijing, will no doubt form the basis of Beijing's summation of India today. Some of these issues will be examined here.

One of the lenses through which Beijing views New Delhi is the common border, which is disputed. There are two major disputed areas. India claims the Aksai Chin area, which lies to the north-east of the Indian state of Kashmir and is administered by China. China, on the other hand, claims the major part of the eastern Indian state of Arunachal Pradesh as South Tibet. There has been little progress in the on-going talks between the two countries on these areas. At this time, however, China's special representative, Yang Jiechi, is holding talks with India's National Security Adviser, Ajit Doval, in a renewed attempt to bring about a settlement. In the past, each side has accused the other of stalling or obfuscating the issue for various purposes. This time, though, both sides have stated their intention to speed up the negotiations. Interestingly, Doval stated last October that India sought a solution to the border problem with China but would not compromise on its own national security and territory.

It is possible that China sees Modi, who won the last general election in a landslide, as a threat to any future claims it may make on Arunachal Pradesh. Whereas former Indian prime ministers were preoccupied with domestic issues and catering to the demands of coalition partners, Modi is free of that baggage, for the most part, and can concentrate on economic development and national security. He is, moreover, a product of the nationalistic RSS. This was demonstrated when, during his election campaign, he used Arunachal Pradesh as a base from which to proclaim, in not so many words, that India would not give up any territory to rival claims, despite the fact that he had, during his tenure as the Chief Minister of the state of Gujarat, developed several close friendships with Chinese officials in Beijing. Modi is, moreover, taking several steps to develop the road network in the border areas of Arunachal Pradesh. This is significant in that, whereas previous Indian governments chose not to develop any infrastructure in the border regions out of the fear that, in the event of a Chinese invasion, it could be used by the Chinese military, the current government has demonstrated its faith in its military to be able to counter any such invasion. Now, moreover, New Delhi seeks infrastructure to enable it to better facilitate its own military to counterattack.

Again, India is raising a strike corps of about ninety thousand troops to be stationed in its north-east and used to push into Tibet, if required to do so. It had previously stationed a fighter squadron in Tezpur in northern Assam and recently cleared a second to be stationed at the Chabua air base, about 450 kilometres east of its capital, Guwahati. Added to this is India's fairly recent development of its long-range missile, the *Agni-V*. This nuclear-capable missile has a claimed range of five thousand kilometres, but Chinese analysts suggest that is understated. Be that as it may, even at its claimed range, the missile brings virtually all of China within reach. The Indian press, interestingly, provocatively termed the missile a "[China killer](#)".

It could be – and previously has been – argued that many of these steps were taken by previous governments. While there is little doubt of that, this is probably the first time that India simultaneously has the technical capability and the political will to make any military venture against it a very costly exercise. India's changing foreign policy, which brings it increasingly closer to the US and Israel, both of which are major suppliers of military technology to India, could cause Beijing some concern. China would definitely not want to

see India gravitate towards the US as a strategic or military partner. It similarly would not wish to see New Delhi acquire advanced military technology and move closer to Tel Aviv, a move that could have connotations vis-à-vis Beijing's "all-weather" relationship with Islamabad.

Yet another cause for concern in Beijing could be Modi's recently-concluded tour of the island states of the Indian Ocean: Mauritius, the Seychelles and Sri Lanka. While the stated purpose of his visits to these states was to develop the respective relationships, the true purpose was eminently clear: to claw back and re-establish India's influence in the region and to counter the influence that Beijing had bought there over the past years. The unanticipated election of Maithripala Sirisena as the President of Sri Lanka and his own desire to reduce Beijing's influence in Sri Lanka, is a major boost to Modi's efforts in this regard and a cause for more concern in Beijing, even if that is not stated publicly.

Military capacity and political influence are not, however, the only causes for China to want to develop a closer relationship with India. With anaemic economies in Europe and elsewhere affecting China's exports, Beijing needs to develop other markets. India, with its economy growing once again, will appear to be a made-to-measure market for Chinese manufacturers. The geographic proximity between factory and market can only add to this perception. China's economy is slowing; some [estimates](#) say that its growth had fallen to 7.3% by January of this year, missing its target of 7.5%. Others predict its economic growth will continue to slow. India, on the other hand, is expected to see its economy [grow](#) by 7.8% in 2015-16 and by 8.2% in 2016-17 (See [here](#) for yet another report that provides the same figures.) While there is [disagreement](#) on these figures, there is a general consensus that India's economy will grow in the short to medium term, making it a ready market for Chinese manufacturers and investors. It is very likely that China will want to persuade Modi during his visit to agree to open up the Indian market to Chinese railway, energy, telecommunication and other technologies as a precursor to drawing India into China's "Silk Road" initiative. These are areas of infrastructure that Modi desperately needs to improve. His need for this infrastructure will be tempered, however, by the caveats that come with any offers. To be seen to accede to territorial demands, no matter that New Delhi complied with an International Court ruling and transferred maritime claims to Bangladesh, would be tantamount to political suicide. Modi will, no doubt, also seek a quid pro quo arrangement with Beijing in terms of market access. Beijing is notoriously reticent about opening up market and investment opportunities to foreign organisations. Modi will likely seek the opportunity to create an open and free market for Indian information technology expertise there, just as he will pharmaceuticals and fabrics.

For his part, Modi will be aware that China could provide an efficient transit route for India's energy that is sourced from Russia. If India-China trade grows, so will the confidence and trust between the two. If India then strikes further deals with Russia to purchase energy products from Siberia, the existing pipelines from Siberia to China could, arguably, be extended to India, obviating to a large degree the need for expensive tankers that, in any case, would be susceptible to attack by Chinese forces should hostilities ever break out. Modi will also be aware that China could exert considerable pressure on Pakistan to permit the transit of gas from Turkmenistan to India. As one [report](#) indicates, there could be a

possible break-through on the Turkmenistan-Afghanistan-Pakistan-India pipeline. Any surety that could be provided by Pakistan and backed up by China would be welcomed by energy-starved India. If this project could eventuate, the proposed Iran-Pakistan-India pipeline project has a better chance of going ahead, too. It is unlikely that Modi will wish to have two major energy flows pass through Pakistan – at least initially – but if India can be satisfied that the pipelines are secure and trust built up over time, however remote that possibility may appear at this time, there is no reason not to have the pipelines pass through Pakistan.

President Xi will have another reason for wanting to bring New Delhi into Beijing's sphere of influence. There has been [speculation](#) that India could be offered full membership of the Shanghai Co-operation Organisation (SCO). For China, this could be one way of slowing India's growing relationship with the US and, thus, removing a potential partner of Washington from its western borders. India's induction as a full member of SCO could benefit Russia, the other major SCO member, as well in its understated but nevertheless intense [joust](#) against China for influence in Kazakhstan and, by extension, the other states of Central Asia. As a strategic partner of Russia, India will undoubtedly seek to [mitigate Beijing's influence](#) within SCO by siding with Russia. President Putin, like Xi, will want to draw India away from the US orbit for at least two reasons: to remove the competition that the US poses to Russia in terms of weapons sales to India and to strike a psychological blow against Washington by having India choose Russia over the US. Modi's visit to China could, therefore, have an added benefit for Russia as well.

Modi's visit to China has the potential to be an extremely important one, not only for Beijing and New Delhi, but for Moscow and Washington, too. Beijing will perceive New Delhi as an actor that has the potential to become a major strategic partner in the years ahead and New Delhi will see Beijing not only as a source of infrastructure investment, but also as a market for its own goods and services. The outcomes of this visit could well set the tone for Sino-Indian relations over the next few years.

\*\*\*\*\*

*Any opinions or views expressed in this paper are those of the individual author, unless stated to be those of Future Directions International.*

Published by Future Directions International Pty Ltd.  
80 Birdwood Parade, Dalkeith WA 6009, Australia.  
Tel: +61 8 9389 9831 Fax: +61 8 9389 8803  
E-mail: [lhughes@futuredirections.org.au](mailto:lhughes@futuredirections.org.au) Web: [www.futuredirections.org.au](http://www.futuredirections.org.au)