

Moment of Choice

For the Sultans of Delhi there is a good cause to be alarmed : the renewed "China threat" theory. But they look wise enough not to join the anti-China chorus launched by the big media in the wake of alleged Chinese incursion into Indian territory. Allegations and counter allegations have been going on, with alternate low and high pitch, since the 1962 India-China border war. Diplomatic dialogue sells well in International peace market but dialogue without a resolve to reach a point of working agreement is simply meaningless. It cannot produce required results. PingPong diplomacy or Olympic diplomacy, both Indian and Chinese people suffer from mutual distrust. What is often said about the growing mutual trust between the two Asian giants in view of improved trade ties is mere superficial and in ways fragile. In truth the unresolved border dispute remains the stumbling block in the path of better economic and trade relations without which mountains won't wave. No doubt India-China business relations are an economic issue but political and security factors actually matter in the world of business deals.

Despite periodic euphoria over the unprecedented economic boom in India and China in recent years India-China trade accounts for less than 2 percent of China's total foreign trade volume and less than 6 percent of India's total. The re-opening of the much publicised Nathula Pass along India-China border after more than 40 years of interrupted use in July 2006, has not really improved the situation. The galloping trade imbalance between the two countries suggests among other things that they are not really moving forward. In 2006 India's trade with China dropped precipitously to a whopping deficit of \$4.12 billion, down from a surplus of \$800 million the year before. And, in 2007 the deficit became even greater.

Trade imbalances lead to trade disputes which in turn affect the confidence building measures. What India exports to China are resource intensive, or labour-intensive products. But what India imports from China are manufactured goods with high added value. This trade structure is bound to create trade imbalance and political mistrust as well.

Meanwhile China accuses India of practising obnoxious protectionism. They say except an average of nearly 30 percent on manufactured goods, India keeps a series of extra charges coupled with complicated non-tariff measures. India reportedly introduced 17 trade investigations including anti-dumping and counter-veiling investigation from October 2008 to February 2009. In plain language bilateral understanding between New Delhi and Beijing are far from sufficient due to conservative and rigid attitudes on both sides.

Also, there are other factors that count in improving bilateral relations. Not that top policy-makers in Beijing do not know why Indians are wary that China's alliance with Pakistan in strategic areas, a long-time nemesis might be a threat, thus prompting them to hold a defensive and anxious posture.

Besides border dispute, a legacy left by history, Pakistan factor is no less critical in influencing India-China relations. In Beijing's perception Kashmir is a disputed independent entity as shown in one of its recent publications; they have made a settlement with Islamabad in demarcating the border along Pak-occupied Kashmir and China, implying indirect acceptance of Pakistan's suzerainty over Kashmir.

After the collapse of Soviet Union American strategic equation in South Asia has changed radically, somewhat favouring India while not antagonising Pakistan, its traditional client state in view of fundamentalist backlash.

As for China the policy has not changed a bit, it is still heavily biased against India. The reason : the border dispute.

But Pakistan is in turmoil, facing a situation of virtual civil war. With the Taliban offensive knocking at the door of military headquarters in Islamabad and America losing war in Afghanistan, India is very much in the ambit of spill-over effect which will further complicate Indo-Pak relations. In Afghanistan the United States now deploys more private forces (74,000) than uniformed soldiers (57,000). It means America is desperately trying to get rid of the Afghan quagmire by resorting to dirty mercenary approach.

Taliban offensive in Pakistan is spreading like wild fire and India's security and diplomatic strategies are in a fix as to how to confront Pakistan's non-state actors—Taliban and dozens of jihadist groups. This way or that India has no option but to downplay the 'China threat theory' at the moment. □□