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# DPG POLICY BRIEF

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Modi & President Xi, October 11-12, 2019

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*The views expressed in this piece are those of the author and should not be attributed to the Delhi Policy Group as an Institution.*

### Cover Photographs:

*(Photographs top to bottom)*

*Prime Minister Narendra Modi greeting President Xi Jinping of China at the 2nd India-China Informal Summit. Source: MEA*

*Prime Minister Narendra Modi and President Xi Jinping at 'Arjuna Penance' in Mamallapuram. Source: MEA*

*Prime Minister Narendra Modi and Xi Jinping, President of China holding their tête-à-tête during the Chennai informal summit in Mamallapuram. Source: MEA*

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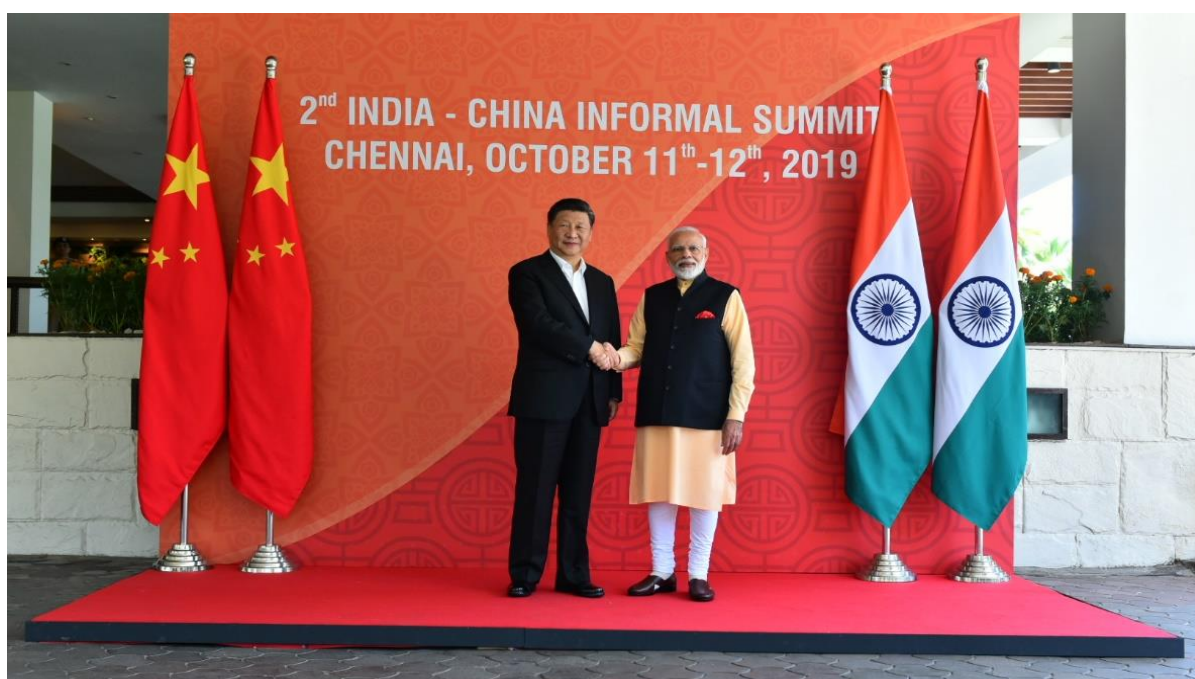
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## The Chennai Connect: Second Informal Summit between PM Modi & President Xi, October 11-12, 2019

by  
Nalin Surie

The 18 months between Wuhan and Mamallapuram have been long and arduous given the changes taking place around the world. These include the global economic slowdown, the uncertainty caused by the policies of the Trump Administration, the US-China trade war, the uncertainty over the future of the international trade regime, technology issues highlighted by the 5G-Huawei imbroglio, problems in the Gulf and Saudi-Iran tensions, enhanced jockeying for power by China, the continuing crisis in Hong Kong, the growing doubts in the EU regarding several aspects of China's partnership with Europe, the evolution of thinking on the Indo-Pacific & the Quad and Chinese concern over containment, unfinished business over the DPRK, continuing concern in China over Taiwan, the enhanced Modi-Trump bonhomie, China's unending search for markets and the unlimited requirements of enhanced socio-economic development in both China and India. Such factors made it almost essential for Xi to stick to his intention to meet Modi for their second informal summit meet. It was equally important for India to go through with this.



*Prime Minister Narendra Modi greeting President Xi Jinping of China at the 2<sup>nd</sup> India-China Informal Summit. Source: MEA*

There was no doubt a serious flutter caused by the revocation of Article 370 by the Government of India and its international implications, including the drama enacted by China and Pakistan following the Informal Meeting of the UN Security Council on the issue, aggressive Chinese comments on Kashmir and the invitation to Pakistan PM Imran Khan to visit Beijing just before Xi came to Chennai and to reassure Pakistan of their all weather etc friendship. Yet, the critical reset in bilateral relations following the Wuhan Summit could not be wished away. In spite of the many differences that separate them, it is now clear that both China and India recognise that it is in their mutual interest to, at the very least, continue to work together in an effort to improve their bilateral relations and diversify them while at the same time trying not to concede too much real ground to the other. How this tango plays out between the dragon and the elephant will seriously impact the geo-political and geo-strategic space in Asia and beyond.

The Chinese reaction over the revocation of Article 370, its publicly demonstrated support for Pakistan and the latter's core interests, and reiteration of its (Chinese) territorial claims in Aksai Chin notwithstanding, participation in the Chennai Informal Summit demonstrated pragmatism on the part of the Chinese leadership to have a "candid and in-depth exchange of views on bilateral relations and major international and regional issues of common concern." In spite of the shenanigans over Art 370, Xi is quoted, by Xinhua, as having told PM Modi at Mamallapuram that "China-India relations have entered a new phase of sound and stable development since his first informal meeting with Modi in central China's Wuhan city last year."<sup>1</sup>

What is actually more important is the articulation in the Xinhua report of Xi's views on what Chinese policy should be towards India. He is quoted as having stated:

- a) "Maintaining and developing good relations between the two countries is China's unwavering policy".
- b) "Under the current international circumstances, the two countries shoulder increasingly important responsibilities in safeguarding global stability and promoting development".
- c) "The next few years (comment: period not defined) will be a crucial period for China and India to realize national rejuvenation and also will be a crucial period for the development of China-India relations."
- d) "We must...inject a strong endogenous impetus to bilateral relations." (In this context, he also spoke of the need to map out a hundred year plan

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<sup>1</sup>The Xinhua report of October 12, 2019 is the de facto Chinese outcome document following the informal summit in Chennai. India's MEA issued its own formal Press Release.



for relations from a strategic and long term perspective. This suggestion can be interpreted in different ways, both positive and negative. Time will tell which will have greater sway.)

Comment: Xi clearly wants India to deal with it in a one to one manner and not build alliances to neutralise Chinese moves!

The significance of what Xi said about relations with India is in the messaging that it conveys, not simply to the party, government and people in China but also to the international community and to India's regional partners. He appears to seek a partnership. If not, at least Indian even handedness in dealing with China.

While explaining the importance of the relations between China and India, Xi did not hesitate to underline that some of the problems between our two countries are serious and require both sides to "correctly view each other's development and enhance strategic mutual trust". He called upon both countries to "correctly view their differences and never let the differences dim the overall situation of bilateral cooperation", "should gradually seek understanding through communication and constantly resolve their differences", and to "dispel suspicions and doubts and properly handle differences and sensitive issues."



*Prime Minister Narendra Modi and President Xi Jinping at 'Arjuna Penance' in Mamallapuram. Source: MEA*

In a clear recognition that there is lack of appreciation of each other's core interests, Xi is quoted as having told PM Modi that both countries "should also prudently deal with issues concerning each other's core interests and for problems that cannot be resolved at the moment, they should properly manage and control them." (Comment: this is consistent with the Indian position).

Xi also made it clear that China would continue to press India to cooperate with it in Chinese programmes in South Asia, South East Asia and in the BRI. The Xinhua report quotes Xi as telling Prime Minister Modi of "the need to explore the gradual expansion of 'China-India Plus cooperation to South Asia, South East Asia and Africa, create a more unobstructed regional connectivity network and strike the RCEP agreement as early as possible". It bears recalling here that during his state visit to India in September 2014, in a major policy address in New Delhi under the auspices of ICWA, Xi had made it clear that China views South Asia as a direct neighbour and would seriously enhance cooperation with and assistance to the countries of the region. (His state visit to Nepal direct from Chennai is a clear indication of this approach.) His proposal at Mamallapuram is consistent with that except that, he now publicly recognises that China and India (and others) can cooperate in regions that he has identified. Obviously, something that India is doing in South Asia, South East Asia and Africa & on the overall BRI issue has convinced the Chinese that cooperation with India can be of advantage rather than purely competing with India in these regions.

Xi's unwavering commitment to the BRI can be seen clearly in his reported comment on the need to support the establishment of friendly relations between Fujian & Tamil Nadu and Quanzhou & Chennai so as "to write a new chapter of the Maritime Silk Road"! (India's opposition to the BRI and its components notwithstanding.)

The highlighting by Xi of the need for India and China to effectively improve military and security exchanges and cooperation is noteworthy. His suggestions include strengthening "cooperation between law enforcement and security departments and maintain regional security and stability". The latter suggestion opens up new possible areas for collaboration and cooperation including against terrorism. The suggestion to cooperate to maintain regional security and stability is also of interest and needs to be better understood. It is certainly conceivable that India and China should work together on the issue of regional security and stability in the Gulf on which both countries are heavily dependent for their energy security. Also, in Afghanistan.



It is interesting to take into account what Xi said on strengthening cooperation in international and regional affairs. He has reported to have told Prime Minister Modi that China and India “should take a clear-cut position to safeguard an international system with the UN at its core and an international order based on international law ...”. This is disingenuous at best since China is a permanent member of the UN Security Council (an accident of history) that is holding back India’s permanent membership on an expanded UNSC and its track record on upholding international law is not quite the best.

From the Indian perspective, the Press Release issued by the Ministry of External Affairs summarising the outcome of the informal summit is a workmanlike document. There are many similarities between the official Xinhua statement on what Xi said and the MEA Press Release though there are also areas of difference and focus. It could well be said that, since this was an informal summit, both statements put together accurately reflect the outcome of the discussions.

A major point of difference though is that the Indian statement and the Foreign Secretary’s briefings suggest that there was considerable emphasis on the fight against both terrorism and radicalisation and that these were a matter of concern to both countries. As Foreign Secretary Vijay Gokhale put it, it was agreed that “both would work together to see that radicalisation and terrorism did not affect the fabric of our multi-cultural, multi-ethnic and multi-religious societies”. That, “this was a common challenge that we face and that we will work together to overcome it.” Chinese reticence to bring this out explicitly may be explained by the situation they are facing in Xinjiang and Tibet and their persisting support for Pakistan on this issue. The weeks and months ahead will reveal whether there is a genuine intent to work together on this crucial issue.

The decision to set up the High Level Economic and Trade Dialogue Mechanism is a clear reflection that the Chinese have finally understood that the trade deficit between China and India can no longer be justified in economic terms and needs to be substantially mitigated. It has also become a political necessity.

The decision taken and acknowledged by both sides to build a partnership in manufacturing industry and the focus on the implementation of the Closer Development Partnership (CDP) are important signals. The implementation of these decisions on the trade and economic partnership will have to be pursued systematically. It is pertinent to recall in this context that the CDP was an

outcome of the Xi visit in September 2014 and the commitments made by China at that time have only marginally been fulfilled.

What the Chinese have in mind though was made clear by Xi who visualises the establishment of the new high-level mechanism as an “opportunity to strengthen the alignment of their (India and China) economic development strategies”. India will need to tread carefully in this respect taking into account our own strategies for sustainable socio-economic development, industrialisation, infrastructure augmentation, employment generation and high technology utilisation. While participation in additional global value addition chains by India is welcome, the Indian economy cannot become an adjunct of any other economy.

The MEA statement that the two leaders “agreed that the simultaneous development of India and China presents mutually beneficial opportunities”... and “the two sides will continue to adopt a positive, pragmatic and open attitude and to enhance appreciation of each other’s policies and actions in line with the general direction of their partnership and cooperation” suggests that India will tread carefully in this matter.

According to the MEA Press Release, it has been reiterated by Xi and Modi that “both sides will prudently manage their differences and not allow differences on an issue to become disputes”. They also agreed “that an open, inclusive, prosperous and stable environment in the region is important to ensure the prosperity and stability of the region”. The latter reference it seems is to the broader Asia Pacific and while there is no reference to the Indo Pacific in either the Chinese or the Indian pronouncements, it could be interpreted from the principles listed that this last formulation suggests that the issue was discussed. The Chinese certainly have serious concerns regarding the growing salience of the Indo-Pacific.

The two leaders discussed the boundary question and reiterated the principles on which an agreement on that should be arrived at. The Indian statement is much more precise in this respect when it importantly speaks of the agreement that the settlement be based on the parameters and principles agreed to in April 2005 and in reiterating the understanding that efforts will continue to be made to ensure peace and tranquillity in the border areas and both sides will work on additional CBMs for this purpose. It bears repetition that maintaining peace and tranquility in the border areas is the fundamental prerequisite for the sustainable development of India-China relations. The Special Representatives have their work cut out for them in this regard.



*Prime Minister Narendra Modi and Xi Jinping, President of China holding their tête-à-tête during the Chennai informal summit in Mamallapuram. Source: MEA*

Prime Minister Modi has recently been re-elected with a fulsome majority for a fresh five-year term and President Xi is well ensconced as President of China & General Secretary of the CCP for the foreseeable future. It is important, therefore, that both sides have agreed to continue the practice of informal summits in the future. Xi has invited Modi to China for the next Informal Summit. This is consistent with the need for major powers like China and India to maintain regular engagement at the highest level to direct solutions to outstanding bilateral problems and continue to strengthen the building of trust, understanding and cooperation between them. Also, to ensure that strategic communication between the two countries continues to develop in a broad based and positive manner. It is also an important signal to the neighbourhood and to the international community at large.

Foreign Secretary Gokhale in his summing up of the summit outcome on October 12, 2019 said that what had come out of the summit is the role of the leadership in both countries steering the bilateral relationship in a forward looking direction.

The challenge will be to ensure that the future is a cooperative one in which genuine mutual interest and benefit override past prejudices and unhealthy competition.

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