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(Photographs top to bottom)

Prime Minister Narendra Modi and Chinese President Xi Jinping at the Wuhan informal summit on April 28, 2018. Source: Associated Press

Chinese Defence Minister Lt. General Fenghe being welcomed by Defence Minister Nirmala Sitharaman during a Guard of Honour ceremony at the South Block in New Delhi on August 23, 2018. Source: The Hindu

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Introduction

There is no doubt that the Modi-Xi informal summit held in April, 2018 marked the beginning of a 'new normal' (for want of a better description) in Sino-Indian bilateral relations. Prime Minister Modi and President Xi Jinping meeting in Qingdao in June 2018, described their Wuhan meeting as representing 'a new milestone'/ 'new starting point' in relations between the two countries which were referred to at Wuhan as major countries/major powers.



Prime Minister Narendra Modi and Chinese President Xi Jinping at the Wuhan informal summit on April 28, 2018. Source: Associated Press

The summit, which followed the peaceful resolution of the Doklam stand-off, represented an important and perhaps even a critical reset by both countries. Each country had its own set of reasons to look for the reset but the underlying common factor was the recognition that given the confluence of domestic and

international factors, it was in neither country's interest to allow the standoff to undo the patient and painstaking efforts undertaken over the last three decades to establish a new framework to develop relations and continue to maintain peace and tranquility at the border while placing serious difficulties in bilateral relations on the backburner. The latter set of issues, at the same time, are being discussed with varying degrees of success or otherwise to find mutually acceptable solutions.

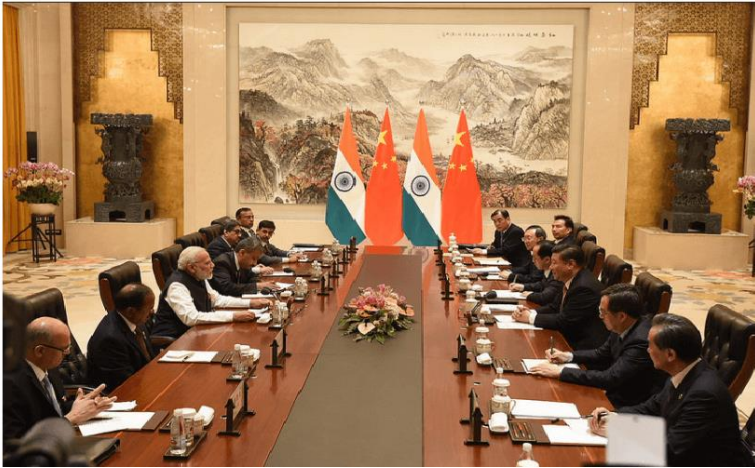
The recognition by both countries that their bilateral relations were representative of those between two major powers was not simply a use of words to burnish egos, but a recognition of what lies ahead.

Thus, as 2019 begins to unfold, it is perhaps useful to take stock of how both sides interpret Wuhan in a more holistic manner. A detailed Chinese assessment of what Wuhan means for them was contained in Foreign Minister Wang Yi's lengthy speech on December 11, 2018 at the symposium on the International Situation and China's Foreign Relations in 2018. He said, "In

South Asia, China and India are each other's important neighbours and they are the world's two largest developing countries. China-India relations were beset by the boundary question and other historical baggage in recent years. Last April, President Xi Jinping and Prime Minister Narendra Modi made a significant political decision: holding an informal summit in Wuhan for deep strategic communication. As a new form of China-India high-level engagement, the summit increased the trust and understanding between the two countries, and led China-India relations onto a track of healthy and steady growth. The landmark Wuhan summit will leave a deep imprint in China-India relations. Friendly exchanges and win-win cooperation between China and India will positively affect the evolution of the global landscape and the human society. President Xi Jinping emphasized that the Chinese 'dragon' and the Indian 'elephant' should join each other in a duet, not a duel. And Prime Minister Modi responded by saying that when India and China work together, 1+1 is not two, but 11. China will continue to work with India to explore a path for two big neighbours to live side by side for win-win outcomes and contribute our due share to the progress and prosperity of Asia and the world beyond."

Insofar as the Indian perspective is concerned, in his post-Wuhan summit remarks, Foreign Secretary Gokhale referred to India and China as "two large economies and major powers with strategic and decisional autonomy"(the Chinese spoke of the two as "important countries with strategic autonomy") and added that "peaceful, stable and balanced relations between India and China will be a positive factor for stability amidst current global uncertainties." He also highlighted that the two leaders had agreed that there was a need to strengthen strategic communication between the two countries; that discussions will take place between the special representatives on the border question on the second stage of the 2005 agreement between India and China on political parameters and guiding principles for the settlement of the boundary question; that both sides recognized the common threat posed by terrorism and the need for resolute opposition to terrorism in all its forms and manifestations. India and China also recognized at Wuhan the importance of strengthening their Closer Development Partnership, although there appears to be some scope for interpretation of what both sides mean by that.

In his press briefing on November 30, 2018 after the bilateral Modi-Xi meeting on the sidelines of the BRICS Summit, Foreign Secretary Gokhale listed several important post Wuhan related activities and stated that both Modi and Xi assessed that there had been "a perceptible improvement in bilateral relations" since the Wuhan Summit. These covered trade, defense exchanges, cooperation in Afghanistan, the meeting of the Special Representatives on the



The Indian and the Chinese delegations meeting at the Wuhan Summit on April 27, 2018. Source: MEA/

reflected “a new confidence and a new stability in India-China relations”.

There have indeed been important developments in bilateral relations since the Wuhan Summit. These were listed by the Foreign Secretary and are referred to above. In addition, there are better atmospherics in the Chinese media. At the same time though, China’s position on some issues which in the public perception are important, such as the CPEC and relations with Pakistan, Indian membership of the NSG and permanent membership on an expanded UN Security Council, on the issue of Pakistan sponsored terrorism etc., give enough ammunition to those who wish to argue that there has actually not been any real improvement in bilateral relations. The same criticism though, can be leveled against several other partners of India on such/similar issues (e.g. cross border terrorism, nuclear issues, India’s permanent membership on the UNSC, Kashmir etc) with whom we otherwise have good relations. While pegging away at the Chinese and others on such issues to maintain our stand, we cannot often, on balance, simply choose to go into a sulk and ignore the bigger picture and not pursue other interests. When the need for push comes to shove, we must, however, shove.

Both for China and India, 2019 is a critical year. In India, national elections are due by May and the leadership in Beijing will be closely assessing the likelihood of the current NDA government retaining power for a second term either on its own or in partnership with other parties. Questions will also be raised that in the eventuality of the current government losing the elections, whether a fresh reset would have to be found with the new government in Delhi.

For China itself, 2019 is a year of anniversaries, which include the 20th anniversary of the huge Falun Gong demonstration in Beijing, the 30th anniversary of Tiananmen, 100 years of the May Fourth Movement, the 70th

border, some data sharing on the Brahmaputra, plans to enhance people to people exchanges etc. He conveyed that both leaders believe that they shared a personal relationship and that both were optimistic that 2018 was a good year, but 2019 would be an even better year. He said that discussions between the two leaders at that meeting

anniversary of the founding of the PRC, and the 60th anniversary of His Holiness Dalai Lama fleeing to India. These anniversaries will be taking place in the background of slowing economic growth and signs of social unhappiness in China along with the tightening of restrictions domestically and in the media.

The statement by President Xi Jinping, on January 21, 2019 at a study session at the Party School of the Central Committee of the CPC, on the need to strengthen the ability of the party to prevent and defuse major risks in areas including politics, ideology, economy, S&T, society, the external environment and party building, has only added to speculation that perhaps all is not well within China. Xi Jinping stressed that to maintain social stability, China needs to make more efforts in areas including employment, education, social security, medicine and healthcare, food security, public security etc. It is no surprise at all that these are precisely the issues that are likely to come into focus during India's own national elections later this year. No surprise because the underlying socio-economic conditions in both countries are actually quite similar, notwithstanding the fact that the Chinese economy is several times the size of the Indian economy.

The external environment that China finds itself in 2019 is also a matter of concern for it. The pressure on China by the US administration under President Trump remains relentless. The pressure is not simply economic but also military and strategic. China's flagship BRI project will need to be recast in the light of experience and criticism over the last three years. Europe is no longer as sanguine about China as it was even two years ago. Many South East Asian countries are also now hedging their bets vis-à-vis China more than they were in the past.

India has clawed back in South Asia. The US-DPRK and DPRK-ROK relationship is not necessarily evolving in China's favor. But, Japan has begun to reach out again to China and the partnership with Russia remains strong.

The evolution of the Indo-Pacific strategy is beginning to grate on China. It sees this as nothing but a form of its containment even though countries like India have made it clear that for them any new Indo-Pacific architecture must be open, inclusive, transparent etc. The Chinese are, however, not reassured, perhaps because their own focus is to seek the status of G-2 along with the US and, at the same time, dominance, to start with in South East and East Asia. China's growing military outreach is explained as being necessary to sustain its overseas development interests and that of its diaspora.

Possible US withdrawal from Afghanistan will require China to reset an old deal with the Taliban and it remains to be seen whether the Taliban will be willing to reassure the Chinese that they will not interfere in Xinjiang or react to the major crackdown underway in Xinjiang against the Uighurs.

While the Indian economy is continuing to grow at a steady and relatively high pace, the expected global slowdown and the outcome of the major trade and economic disputes between the US and China can impinge adversely on India's growth. Critical factors will remain the price of oil and the ability of the government in New Delhi to undertake sustained economic and social reform while at the same time ensuring access to high technology and the application of technological innovation and development multipliers domestically.

There is no doubt that collaboration between India and China is to mutual benefit. However, if China continues to seek one-sided economic benefit to meet its own domestic socio-political and economic requirements, there will undoubtedly be major friction. The sharing of the waters of common rivers will also gain greater salience. Equally important will be China's footprints in India's neighbourhood and the Indian Ocean.

As two of the largest importers of oil in the world, China and India can collaborate to mutual benefit in this sector if they choose to. They can also collaborate on how best to fulfil the socio-economic aspirations of their people and put in place transformative processes not only to eradicate poverty but to enhance productivity of the poor and their economies as a whole. But, the Chinese appear at present to continue to plug their own line.

Modi and Xi have already agreed on the need to continue to meet at the highest level to enhance trust and strengthen strategic communication. But it is not enough for this process to be top-down. It has also to begin to happen more from the bottom up and needs to be strengthened during 2019 so that genuine and large structures of collaboration can be established. As recognized by Minister of State for External Affairs Gen. V.K. Singh in the Rajya Sabha in reply to a question on January 3, 2019, progress in bilateral relations should be guided by the consensus reached between Prime Minister Modi and President Xi Jinping. He added that "at a time of global uncertainty, India-China relations are a factor of stability, and the two countries must not allow their differences to become disputes". This will require much greater communication in a variety of sectors and the necessary give and take.



Performers at the India-China Cultural Evening organised by the Indian Council for Cultural Relations on the occasion of the first High Level Mechanism on Cultural and People-to-People Exchanges in New Delhi on December 21, 2018. Source: MEA/ Flickr

It is thus difficult to predict the trajectory of India-China relations during 2019. A peaceful border will be critical to maintain and develop trust, economic and strategic cooperation. There are many imponderables but there is also a consensus that it is in mutual interest to work together. Yet it remains to be seen whether this will be the dominant force that will guide China's actions in relations with India or whether its pursuit for cementing its status along with that of Washington as

the two global heavyweights will come in the way.

In the above context, it is pertinent to take into account an assessment given by a leading Chinese scholar, Yan Xuetong, in the January/February 2019 issue of *Foreign Affairs* (Yan is Dean of the Institute of International Relations at the famous Tsinghua University in Beijing). In his article, Yan concludes that "China's leadership is acutely aware of the benefits its country derives from the status quo, for now—it is chief among the conditions for China's continued economic and soft-power expansion—and will avoid putting these benefits on the line anytime soon, unless China's core interests are in the balance. Chinese leaders will therefore work hard to avoid setting off alarm bells in already jittery Western capitals, and their foreign policy in the coming years will reflect this objective. Expect recurring tensions and fierce competition, yes, but not a descent into global chaos." This is typical Chinese ambiguity and not very reassuring. China will need to demonstrate through actions in relations with India that it genuinely intends to follow up on the parameters agreed to at Wuhan between Xi and Modi for the further development of Sino-Indian relations. The latter will require reiteration and reinforcement at the second informal Summit to be held in India in 2019 between Xi and the Prime Minister of India. If this is held before the general elections in India it will be a clear pointer of Chinese preference and assessment.





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