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Managing and Engaging Rising China: India's Evolving Posture

India's relations with China are uneasy in the best of times, but over the past few years the spectrum of differences between the world's two largest countries has steadily widened, with the relationship becoming more complex as a result. The Chinese ambassador in New Delhi acknowledged this state of affairs during an interview just before Chinese Premier Wen Jiabao visited India in December 2010 for damage control, characterizing relations as being in a "fragile" state that needed care.[1] Little visible progress, however, has been made in resolving a series of issues which have become politically unpredictable and made India's diplomatic relations with China tenuous. Thus, Wen's statement during the visit that "we are partners not competitors,"[2] was made more in the spirit of hope than describing the current reality. There has indeed been some cooperation in economic ties and in areas of global significance such as climate change. But the list of issues pending resolution which bedevil the relationship has been growing. The constructive partnership envisaged in 2005, when the two countries announced the India–China Strategic and Cooperative Partnership for Peace and Prosperity,[3] remains unfulfilled and has proven difficult to attain.

Over the past two decades of engaging China, the general tenor of India's diplomacy has been to avoid confrontation over security issues, sustain diplomatic talks, and adjust where possible in the hope that it will bring about a more accommodating Chinese approach sensitive to India's concerns.

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Little visible progress has been made in resolving a series of politically unpredictable issues.

India is worried by Chinese territorial claims on vastly-populated regions of India, its alliance-building and active nuclear, missile, and military collaboration with Pakistan, and the absence of any agreement between China and the large Tibetan community in exile in India since 1959. There is no active constituency in India for a conflict with China. Yet, the opinion within the political class is significantly less positive about China and the prospects for resolution of some of the crucial issues than it was in 2005.

In 2010, the Pew Global Attitudes Project found a steady decline between 2005 and 2010 in the percentage of Indian respondents who viewed China favorably, as Chinese assertiveness steadily grew. It was 56 percent in 2005, 47 percent in 2006, 46 percent in 2007, 2008, as well as 2009, and then fell sharply to 34 percent in 2010. In 2010, the percentage of respondents who viewed China unfavorably had grown to 52 percent, a figure exceeded in Asia by only South Korea, with 56 percent, and by Japan, with 69 percent.[4] Reflecting the changing public mood, the government has begun to take a firmer position on its vital interests over the past two years than before. There is now a growing consensus within the political class that the earlier policy of appeasement and concessions is not working, and it is necessary to insist on reciprocity in dealing with China on core issues.

Rising Neighbors

The current reality needs to be placed in a wider context to appreciate the changing dynamics of the relationship. A little more than two decades ago, with the Cold War coming to a close and the world on the cusp of fundamental changes, India and China began to evolve a framework of engagement. Over a period of eight years—beginning with Indian Prime Minister Rajiv Gandhi's groundbreaking talks in Beijing in December 1988 with China's then-leader Deng Xiaoping and Communist Party General Secretary Zhao Ziyang (the first visit by an Indian leader to China in 34 years), followed by Prime Minister Narasimha Rao's talks with Premier Li Peng in 1993, and finally Chinese President's Jiang Zemin's important visit and talks in New Delhi in 1996—the two sides laid out a six-fold plan for improving relations. It involved resuming high-level political exchanges and summits, confidence building between the two militaries, maintaining the status quo on territorial issues, expanding trade and economic ties while normalizing tourism, encouraging cultural and intellectual exchanges, and conducting parallel discussions on ways

to resolve disputes.[5] This plan helped to significantly change the content and tenor of the relationship during the ensuing two decades and maintain peace. In the agreements reached at their 2003 and 2005 summits, the two countries made substantial progress in expanding trade and moved toward a territorial settlement.

New Delhi has begun to take a firmer position on its vital interests over the past two years.

Since then, however, the framework has been affected by shifts in power, the divergent and at times competing strategic visions of the largest Asian powers, and a dramatically changed global strategic context. The Soviet Union has disintegrated, Japan and Europe face deep economic and demographic problems, and the dominant global power, the United States, is economically struggling and in relative decline. Meanwhile, China's power has dramatically grown and looms large in international and Chinese perceptions.

Increasingly confident Chinese nationalists, acutely sensitive to global changes, feel that the time for attaining some of their cherished goals—territorial, security, and economic—has arrived.[6] The political restraints on nationalist assertion, which Deng Xiaoping had placed on the leadership with the aim of giving highest priority to rapid modernization, are now seen as unnecessary. The call for "peaceful rise" and "harmonious world" that served as the signature foreign policy statements of the initial Hu Jintao–Wen Jiabao phase, and had ensured good relations with the major powers, no longer seems appropriate to a segment of the leadership. The assertion and pursuit of claims and "core" interests are.[7] Such a change in mood is reflected in China's assertive diplomatic posture and military activities throughout the past two years in its Northeast, Southeast, and South Asian neighborhoods, as well as in its ties with the United States.

Specific to relations with India, the desire to drive an ever harder bargain has made dispute resolution—an important goal of the 1988, 2003, and 2005 agreements—difficult. The existing differences over China's large territorial claims, its sustained support for Pakistan, a regional diplomacy that persistently seeks to counter-balance India, its negative perception of Indo-U.S. strategic partnership, and its refusal to address the Tibetan autonomy issue that has left 150,000 Tibetans in exile in India for the past 50 years not only cast a shadow on ties, but are also producing new frictions. The growing volume of trade and economic ties between the two countries—important for the relationship given the political differences—has not managed to cope with the string of new diplomatic complexities. Indeed, India's rising trade deficit with China and the

barriers Indian companies face in exporting to China have become new issues, and relations have frayed as a result.

India's rise, as well as its changing international status and role, have also affected the tenor of the relationship. During the past decade, the international perception of India has changed, its diplomacy has expanded, and it has forged close ties with all major powers. Its economic, military, and comprehensive power is growing, and its diplomatic status has changed. China has always been deeply sensitive to changing international power equations which have a bearing on bilateral relations and diplomacy. India's rise and its growing ties with leading powers, especially the United States and Japan, appears to have made China uneasy about potential strategic consequences.

Ironically, it has had the effect of making China more assertive, rather than accommodating, in its posture toward India. Beijing would like to shape territorial and foreign policy while it enjoys large asymmetric power advantages, which can be translated into diplomatic leverage. It has always seen India as an alternative center of power in Asia, but one that is regionally constrained by a volatile South Asian neighborhood, and therefore not a serious challenger in the larger Asian and international context.[8] That perception is gradually changing, and China appears to be unsure about how to deal with a rising India. It seeks India's cooperation on global issues, such as climate change where its principal disagreements are with the United States, and wants the benefits of the large and growing Indian market, but appears unable to re-orient its strategic mindset and give up some of its geopolitical aims that cause friction. It has opted for assertiveness, but also does not desire a return to an era of hostile relations. Contradictions are therefore evident in Chinese diplomatic aims and conduct, which creates strategic uncertainty.

China appears to be unsure about how to deal with a rising India.

For some years now, Indian Prime Minister Manmohan Singh has stated, with China in mind, that there is adequate space in a changing Asia and the world to accommodate two large rising powers, and there need not be a clash or rivalry. Wen, in his December 2010 visit to India, agreed with this formulation.[9] However, Beijing has found it difficult to translate such a sentiment into its diplomacy with New Delhi, which still is oriented toward crafting a strategic environment in which China's security can be ensured not only through trade and engagement but also by seeking preponderance and power-balancing. This is a recipe for tension since India is unlikely—given the security and sovereignty interests linked to China's posture and power—to acquiesce to an unequal relationship. It has not done so with any power since its independence in 1947.

The Issues

The India–China relationship in its current form is being shaped by several key issues. Some are old, others new, but all are vibrant and intertwined in a manner that can only be understood in terms of a security dilemma and latent strategic competition. The issues include: vast territorial disputes between the two countries; the Tibetans in exile in India; Beijing's ongoing efforts to build dams on the Yarlung–Tsangpo River; China's all-around alliance with Pakistan, with a major goal of balancing India; and the dynamics of India's and China's relationships with the United States, which also is linked to China's reluctance to support India's having a permanent seat on the UN Security Council, even though the other four permanent members support it.

Territorial Disputes

Since the end of the Cold War, China has adopted a dual-track approach toward India. On one hand, with the aim of lowering tensions, promoting exports, and opening up the Indian market to Chinese project contracts, China has insisted on high-level political dialogue, military-to-military contacts, and confidence-building measures. On the other hand, it has persisted with its expansive territorial agenda and pursuit of balance of power goals in the region which undermine confidence. Throughout the past few years, China has publicly aired its large territorial claims on the northeastern Indian state of Arunachal Pradesh bordering Tibet, thereby ensuring that the issue becomes politically explosive in India. The diplomatic differences began to gain significant public focus in 2006, when the Chinese ambassador to India told a media channel in New Delhi that Beijing does not recognize Arunachal Pradesh as part of India but considers it part of China.[10] The statement came a few days before President Hu Jintao's important visit to India and virtually ensured that the visit would be ruined.

The Chinese claim is not new and was first aired in 1959, though both Zhou Enlai and later Deng Xiaoping said that they would be willing to recognize current realities.[11] The claim was officially revived in 1985 in a modified form. But during the 1990s, it was kept out of public posturing as the two sides tried to build a stable relationship and reach a territorial compromise. That restraint has disappeared since 2006, when China began to call Arunachal Pradesh "South Tibet." In early 2009, in a new act of diplomatic affront, China demanded that Prime Minister Singh not undertake his scheduled routine official visit to Arunachal Pradesh, and then a few months later insisted that the Indian government not allow the Dalai Lama to visit the province's town of Tawang, famous for its Buddhist monastery. The demands were unprecedented. Most Indian prime ministers or senior ministers have visited the northeast state regularly over past decades.

Following its new course, China opposed an Asian Development Bank (ADB) loan for projects in the state on the grounds that the region is disputed. India's rejection of all such demands on its sovereign rights has been met by China's introducing new elements into the diplomatic stakes. Giving up its professed neutrality, China has begun to openly side with its strategic ally Pakistan by declaring the province of Jammu and Kashmir as disputed. Official Chinese maps show Jammu and Kashmir outside India and Arunachal Pradesh as part of China, although it has never exercised sovereignty over the territory.[12] Public opinion in India, and in Arunachal Pradesh in particular, is against any further territorial surrender. China's stance has seriously harmed the overall tenor of the bilateral relationship.

Also in the past two years, Beijing has introduced a new element into this problematic diplomacy by beginning to issue visas to the people of Jammu and Kashmir on loose sheets of paper instead of passports, an action seen by India as questioning its sovereignty. The matter snowballed into a major controversy in July 2010 when Beijing wanted to give such a visa to Lieutenant General B. S. Jaswal, head of the Northern Command of the Indian Army, which includes Jammu and Kashmir. General Jaswal had been invited by the People's Liberation Army (PLA) under the high-level military-to-military exchange and confidence building agreements of 1996 and 2005. The general had visited China in 2008 as part of an official delegation while he was part of the Eastern Command, which includes Arunachal Pradesh, without any visa trouble, thus underscoring China's new approach. India responded by cancelling the visit, suspending high-level defense exchanges, and has made it clear that these will remain on "pause" until China changes its position on the issue.

India has now declared Jammu and Kashmir and Arunachal Pradesh to be core interests.

Beijing's new posture contradicts its entire position on confidence-building measures with India and the agreements that have been put in place by the two sides since 1993. The military confidence-building measures have been developed to maintain "peace and tranquillity" along the border regions—the bulk of which covers the Arunachal Pradesh and Jammu and Kashmir sectors. If visits by Indian military officers from these two sectors cannot take place because China will not issue normal visas, then the most important segment of the confidence-building measures would simply collapse with serious security and diplomatic implications.

Another issue—linked to Jammu and Kashmir—was the active involvement of China, largely through the PLA, in carrying out various projects in Pakistan-

administered Kashmir. India claims legal sovereignty over this area, yet this has been systematically set aside by China since it signed a 1963 border agreement with Pakistan settling the territorial division between Pakistan-administered Kashmir and China's Xinjiang province. India has always considered the agreement illegitimate. But the situation in Pakistan-administered Kashmir has since been further compromised by Chinese military activities, including road and infrastructure building and military transportation in the area. In early 2010, the Chinese opposed an ADB project in Arunachal Pradesh on the grounds that the territory is disputed. By this logic, India has argued, China should not be undertaking any such projects in "disputed" Pakistan-administered Kashmir. But logical consistency has not been a strong point of Beijing's recent diplomacy toward India.

In response to China's posture, India has now declared Jammu and Kashmir and Arunachal Pradesh to be "core" interests. During Wen's December 2010 visit, India made it very clear that issues involving Jammu and Kashmir are among its "core" concerns.[13] In a pointed break with tradition, the joint statement from Wen's visit does not mention India respecting the "One China" policy, which recognizes Tibet and Taiwan as integral parts of China. China did want this to be included in the statement, but India countered that was only possible if China acknowledged Jammu and Kashmir as an integral part of India. Startled, China backed off.[14]

> India's recognition of the One China policy may be reconsidered.

The challenge posed by China's changing diplomatic stance cannot be minimized. If China continues to claim Arunachal Pradesh as "South Tibet," there is no way India can accept Tibet as part of China, as it has unilaterally done since the India–China Agreement in 1954, in order to build confidence and a stable relationship. Similarly, if China persists in treating India's sovereignty over Jammu and Kashmir as being in dispute in order to please its ally Pakistan, India's recognition of the "One China" policy may also be dragged in, thereby involving Taiwan. Chinese diplomatic assertiveness therefore threatens to undermine the gains of many decades of constructive diplomatic work between the two sides and could create a huge diplomatic crisis.

The Tibetans in Exile

China's demand in 2009 that the Dalai Lama be restrained from visiting the Tawang Buddhist monastery in Arunachal Pradesh was unpopular in India and was officially rejected as a new interference. The Dalai Lama has been in exile in India since 1959 and, as a Buddhist religious leader, travels to all parts of India

including Buddhist monasteries such as the one in Tawang. This is not new. China has over the years also been highly sensitive to the Dalai Lama's meetings with Indian leaders and the peaceful protests by Tibetans against China's policies in Tibet. Indian leaders have always met him with highest esteem. India unilaterally recognised Tibet as a part of China in 1954, though it had an independent relationship with Tibet historically. It has provided a new home to the 150,000–200,000 Tibetans in exile, but ensured they do not engage in any cross-border activity against China. As citizens of Tibet, they are the responsibility of China, and India expects China to meaningfully engage the Dalai Lama and other Tibetan leaders on the issue of autonomy promised by China in 1951.

The apparent Chinese belief that the problem will disappear once the Dalai Lama leaves the scene appears ill-judged given the complexities and stakes involved. China's continuing suspicion of India, without taking the necessary responsibility toward its citizens, does great disservice to the huge humanitarian role India has played for five decades, bearing the burden of Beijing's policies. By making Tibet a "core" interest and calling Arunachal Pradesh "South Tibet," China has made the resolution of both its internal problem and the territorial dispute with India even more complex and potentially explosive.

River Water Disputes

Three prominent Indian rivers flow into the country from Tibet—the Indus and Sutlej (both of which flow through northern India into Pakistan) and the Yarlung–Tsangpo (which becomes the Brahmaputra in India and then goes on to Bangladesh). China has acknowledged, after many years of denial and once the media had published satellite photographs, that it is constructing a hydro-power plant on the Yarlung–Tsangpo River, and is also planning several other projects which could affect the amount of water flowing into India and Bangladesh during the lean period. There is no comprehensive agreement on the sharing of river waters between India and China. At present, China provides water flow data during the monsoon season (June–August) for the Sutlej alone. This was agreed to after flash floods in Tibet suddenly inundated large areas of northern India some years ago, causing huge losses.

China's failure to be upfront with India regarding hydro projects has therefore raised public concern, especially in northeast India. The two countries agreed in December 2010 to discuss trans-border river issues. Wen promised in Delhi during his visit that China would pursue only those upstream river projects which had a proper scientific foundation and that it would take the interest of people in both the upper and lower riparian regions into consideration. But with China facing water shortages and with large projects for water diversion and dams already planned, the issue can only become more problematic. Given China's continuing claims on Arunachal Pradesh, through which the

Brahmaputra flows, it is uncertain whether China will actually cooperate or make it yet another issue in the larger territorial and political bargain. Its record in the case of the Mekong River and other rivers flowing to Myanmar and Southeast Asia does not inspire much confidence.

Pakistan

China's Pakistan policy remains another area of friction. Beijing has been making the argument, in private for some time to Washington, that Pakistan is to China what Israel is to the United States. China's quasi-alliance with Islamabad, including its nuclear weapon and missile-related collaboration, is now well documented.[15] Ever since the July 2005 Indo–U.S. nuclear agreement, China has been calling for a similar deal for Pakistan—a known proliferator of nuclear weapon technology. Having failed in this effort, China entered into talks with Islamabad in 2006 on supplying a 2000-megawatt nuclear power plant, bypassing Nuclear Suppliers Group (NSG) regulations despite being a member of the group. Although the projects have not come through yet and did not materialise even during Wen's December 2010 visit to Pakistan, the discussions for the supply are ongoing. The fact that it has even been attempted has left a negative impression in India and elsewhere.

China's Pakistan fixation has been further reflected in its failure to condemn the perpetrators of the November 2008 terrorist attacks in Mumbai. It has opposed UN efforts to sanction the extremist Pakistan-based group Lashkar-e-Taiba and its chief, Hafiz Saeed, whose charity, Jamaat-ud-Dawa, is a suspected terrorism front. The LeT is strongly suspected of being behind the Mumbai attacks and many other terror incidents. China has also maintained calculated silence on mentioning Pakistan, even indirectly, as a state that needs to control international terrorist attacks coming from its territory and punish the guilty. Not even during Wen's December visit to India did China hint at the need for Pakistan to bring to justice the perpetrators of the Mumbai attacks.[16] China continues to handle its strategic ally Pakistan with kid-gloves—a posture that does not create confidence about China's stated positions and intentions.

Relations with the United States and other Global Powers

China has been critical of the emerging Indo–U.S. strategic partnership and was against the Indo–U.S. nuclear agreement as well as the NSG decision to grant India special status in nuclear energy-related commerce. It has been reluctant to see India play a larger regional or global role, and is clearly insecure about India's growing bilateral (and trilateral) ties with the United States and Japan. China wants to preserve its status as Asia's only permanent member of the UN Security Council and construct a regional order that will evolve and revolve around it. That alone is an adequate explanation for why China has not favored India's and

opposed Japan's addition as permanent members of the Security Council, and was also against India's entry into the East Asia Summit in 2005.[17]

The strengthening India–Japan strategic partnership established in 2006 has been driven by important mutual economic and political interests. But with both states facing increasing Chinese irredentism and military pressures, regional security has also become a driving force shaping their ties. China is concerned about the emerging great power dynamics in an increasingly multi-polar Asia, but is unwilling to look self-critically at its own diplomatic strategy. China is in search of great power status. It is the major irredentist nation in Asia, and is engaged in redefining its land and maritime borders in a way that impinges on the territory and security of its neighbors. India cannot be anything but vigilant under the circumstances.

Policies and Strategies

Opinion is divided in India—as in most other democracies, including the United States—as how to best deal with the challenges posed by China's growing power and its potential impact on India's national interests, as well as the broader Asian strategic and security environment.[18] However, the majority believes that becoming an economically advanced and a militarily powerful nation is a prerequisite for security in the current environment. The political class increasingly sees China as an erratic, ultra-nationalist state that seeks to constrain India.[19] China has emerged in the public eye as the most important strategic challenge, even as segments of the Indian business community see the import of cheap Chinese equipment as vital to their profitability. The government has wanted to widen the sphere of understanding and engagement in order to resolve disputes and build long-term productive and stable relations, but has felt frustrated by Chinese actions. Even the normally cautious and reticent Prime Minister Singh was forced to state in a significant interview to the leading daily *Times of India* in September 2010 that it appears China is attempting to keep India unsettled and in "a low level of equilibrium."[20]

India's policies during the last two decades have embraced a three-fold approach toward China: engagement, balancing, and support for a stable Asian security environment. New Delhi has supported wider regional engagement of Beijing, and has proactively worked to involve itself in emerging regional institutions.

Engaging and Balancing China

Historically, Indian and Chinese territories and areas where they exercised political influence have been distinct, with Tibet serving as a friendly buffer between the two state systems. So an Indian–Chinese clash of interests did not

exist. The clash of political and security interests emerged after 1951, when China occupied Tibet and declared its sovereignty. Disputes have since then emerged over territory, boundaries, overlapping geopolitical interests, and river water resources. Managing that relationship has been complex and difficult. There was a brief and limited—but for India psychologically bruising—war in 1962 over territorial claims. Yet, in both India and China, there is a realization that this is an important relationship, it has to be managed well, and if managed well it can bring huge economic and security gains.

The two countries over the last two decades or more have avoided developing a rivalry, notwithstanding significant differences over several issues. As part of its engagement strategy, India has expanded its economic and political ties with China. It has allowed China to gain market share in India and invest in the country's rapidly growing economy, hoping this will have a positive impact and change mutual perceptions. India–China trade has grown rapidly in the past decade to touch $61.7 billion in 2010,[21] and India is an important market for certain Chinese manufactures such as boilers and power equipment. It could become an even more important market in the future for many other products as the India economy grows. Trade, however, is not balanced as India runs large deficits with China. The rising trade deficit, non-tariff trade barriers, and the difficulties Indian exporters face in China are an emerging issue in India–China relations, and Beijing's trade and currency policies have gained policy salience.

Managing this complex relationship is hence a principal foreign policy challenge for New Delhi. Can growing trade mitigate the security dilemma and strategic competition, albeit low key, that has come to prevail? China's rising military expenditures and the rapid growth of the PLA have wide implications for Indian security in the context of China's large territorial claims. Its quasi-alliance with Pakistan and its nuclear weapon and missile technology transfers to Islamabad cast a shadow on the security front.

Engagement alone is not seen as adequate, so balancing remains the other cornerstone of India's policy. While China has a clear lead in economic growth and military capacity building, India's rise is also unmistakable. Its diplomacy is increasingly more confident and its resolve to preserve its vital interests in the face of challenges has noticeably strengthened. For instance, India's refusal to include references to Chinese sovereignty in Tibet and "One China" in the joint statement from the two rounds of talks between Prime Minister Singh and Premier Wen in December 2010 (they had been part of the previous three joint statements) illustrated India's insistence on reciprocity and seeming assertiveness, which are a distinct change from its previous conciliatory posture. The reference in the joint statement to deepening bilateral relations on the basis of "sensitivity for each other's concerns" was the new compromise formulation.[22]

Growing its Capability to Balance

In part to enable India to better balance China's growing power and strategic influence over the past two decades, India has enhanced its trade and investment ties and stepped up economic reforms, expanded its diplomacy, tested its nuclear weapons and medium range missiles to create deterrence, strengthened its air and maritime power, invested in space technology, and is enhancing its mountain warfare capabilities. To be clear, this is not strictly to balance China, as India has always had a global vision.

From the early years of its independence, India has seen itself as a major world actor. India's Asianism or internationalism in the initial decades after independence was not underpinned by significant economic and military power. Since India's opening to the world in the 1990s, its diplomacy has diversified and become far more robust. New Delhi has begun to actively pursue political, economic, and security goals in a manner that it previously had not. India's External Affairs Minister Pranab Mukherjee captured the spirit of this new India in a brief speech in Delhi in March 2007, in which he underlined that India's role in the world has been transformed from being "a leader of the developing world, as a champion of nonalignment and in the erstwhile struggle for de-colonisation, freedom and equality" to a more contemporary major actor which has added "the economic and strategic muscle that has marked the coming of age of India." He also observed:

> The confidence and enthusiasm that is so evident in our international engagement today is based not on abstruse concept, but on real achievements. . . . They have been accompanied by a determined effort to improve relations with all the major powers simultaneously. We have moved quickly to try and achieve a peaceful extended neighbourhood with which we can engage intensively for the benefit of the people of the entire region. And we have also reached out to give depth to our relations with regions as far flung as Latin America, Africa and East Asia.[23]

Looking and Building East

While the comprehensive diplomacy of India in East Asia—engulfing politico–strategic, techno–economic, and military instruments—has not been as substantial and proactive as that of China over the past decade, it has taken significant strides since the end of the Cold War. India's diplomatic cup is full and overflowing. Though the government has at times been slow in formulating strategies and rapidly executing needed initiatives, to the detriment of India's interests, the overall roadmap has been set: India is on a progressive liberal internationalist course which includes building a comprehensive capability to advance its interests in a rapidly changing 21st-century environment.

Soon after India's opening to the outside world and a new economic strategy that began in 1991, it also started to reorient its foreign policy and seek global partners. India's "Look East" policy was launched in 1992 largely as an economic

initiative in the aftermath of the disintegration of the Soviet Union—then India's largest industrial partner—and the balance of payment crisis. Over the years, however, it has gained political, military, and regional dimensions. India has strong political, economic, and security interests in enhanced collaboration with its neighboring states in South, East, and Central Asia, as well as the Gulf and the Indian Ocean region. The western part of Asia neighboring India—Pakistan, Afghanistan, Iran, Iraq—is currently in turmoil. It is difficult to build a peaceful regional system in that area given the nature of the conflicts, the growth of extremism, the problems with Pakistan, and the war in Afghanistan.

From an Indian perspective, however, it is advantageous to enhance cooperation and build collective regional institutions with its modernizing neighbors in the east. Therefore, India is expanding its ties with East Asia and the Indian Ocean region. Its trade with East Asia today has become a large and growing component of its total trade with the world. In the political realm, India has forged defense ties with a number of Southeast Asian states, with a particular focus on maritime security, training, and security dialogues. In the economic field, it has signed a Free Trade Agreement (FTA) with the Association of Southeast Asian Nations (ASEAN), entered into economic partnerships with Singapore and Thailand, and is working on Comprehensive Economic Partnership agreements with South Korea and Indonesia.

India's naval and political engagements are growing with both East Asia and the Indian Ocean states. Since the early 1990s, the East Asian states in turn have actively engaged India and see its growing regional engagement as contributing to a stable balance of power in Asia and to regional growth and peace. ASEAN has invited India into the ASEAN Regional Forum and the East Asia Summit (EAS), established the regular India–ASEAN Summit, and created the India–ASEAN FTA. ASEAN is keen that India should involve itself actively in building future-oriented ties with East Asia.[24] India's participation in the East Asian regional system and the entry of the United States and Russia in the EAS are important for creating an open-ended, democratizing, law-abiding East Asian institutional system. An East Asia which works together to resolve problems, check unilateralism–whether by the United States or China, promote a culture of peaceful resolution of disputes, and create a strong structure of interdependence, institutions, and norms is important both for the region and the emerging world order.

India's strategic partnership with Japan is similarly a major development from this perspective, as are its growing ties with South Korea, Indonesia, Singapore, Vietnam, and other Asian states. India and Japan signed a Global Partnership in 2000, enhanced it to a Strategic and Global Partnership in 2006, and in 2010 agreed to expand it given the challenges of the 21st century. They also agreed on

the India–Japan Comprehensive Economic Partnership Agreement (CEPA) in 2010, thereby creating an increasingly significant bilateral relationship in Asia.

Partnership with the United States

The steady development of a strategic partnership with the United States over the past decade must be counted as one of the great successes of both Indian and U.S. diplomacy. It has evolved through three successive presidencies—Clinton, Bush, and Obama in the United States—and two successive governments with different political moorings in India, the first led by Atal Bihari Vajpayee and now led by Prime Minister Singh. U.S. President Barack Obama's observation during his November 2010 visit that "India and America are indispensable partners in meeting the challenges of our time [across the world]" captures the spirit of a major emerging global relationship. In addition to laying out a vision of the partnership in the 21st century, he also called on India to strengthen its ties with East Asia: "Like your neighbors in Southeast Asia, we want India not only to 'look East,' we want India to 'engage East' because it will increase security and prosperity of all ournations."[25]

The rapid change taking place in Asia is complex and often volatile. China, India, Indonesia, and other nations are going through swift, but often difficult, turbulent, and even violent transitions to modernity. Huge political changes are under way. Tradition and modernity often clash and give rise to extremist and conservative backlash, as well as aggressive nationalist assertions. Given this complex environment, U.S. unilateralism, its costly invasion of Iraq, and features of its policies in Afghanistan and Pakistan have not been popular in India. But America's presence and involvement in Asia are seen as vital for sustaining a stable environment in Asia through this transition period.

The expansion of the East Asia Summit to include the United States is therefore recognized as an important step in keeping the United States engaged with Asia. The EAS in the coming years could become the forum for crafting the consensus on institutions and norms in the region while acting as a constraint on unilateralism or the use of force as methods of settling disputes. U.S. engagement of both India and China is clearly crucial for sustaining peace and creating a stable balance of power.

Building a New Asian Regional Order

India's overall capabilities are still evolving. But it is the largest state, biggest economy, and the strongest naval and military power in the Indian Ocean region. As the world's largest democracy, it also has a natural political inclination to support the emergence of a democratizing international system in which the United States, Europe, India, Japan, Brazil, Indonesia, Korea, and

other major democracies work together to strengthen a rule-based, just, and equitable global order.

India would like to see multilateral security structures in Asia which draw in all countries and create normative and conflict-prevention mechanisms. This would involve support for multilateral security and consultative structures as well as the acceptance of peaceful and legal norms for solving disputes. From an Indian perspective, in an increasingly integrated and complex world order where the old power structure is fading, it is not possible for the United States to play its dominant role in the manner of the past. As its regional and global engagements deepen, New Delhi would be able to more actively help build the relationships, norms, and institutions to sustain a peaceful transition to a new order.

India's growing need for export markets, capital, resources, and security partnerships are global in dimension, giving rise to concerns in some parts of the world. At the same time, the global order benefits from the growth of India and its impact on employment, wealth creation, the expansion of markets, and security cooperation, particularly at a time when the industrialized world is facing economic downturn and an uncertain security situation. The strength of India's democracy, secularism, and growth is similarly vital for winning the political battle against extremism in Asia.

A Neighborhood Crossroads

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India's relationship with China is at a crossroads. It can go in several directions depending on how the two deal with each other's concerns and their ability to reach a reasonable settlement on some of the core sovereignty and security issues. Both need a stable, sensitive, and reasonably cooperative relationship as their status and power in the world changes. The rest of Asia also wants to see peace and stability maintained in this major relationship of the 21st century, even as the two states compete in trade and diplomacy. The world's interest lies in the simultaneous growth of India and China, from which it can reap vast gains. China, in particular, needs to come to terms with the constraints on its diplomacy being imposed by its nationalist territorial discourse, irredentism, and a preponderant *realpolitik* approach, especially in its diplomacy toward India. It needs to work to untangle the complexities that have emerged over the past five years, while helping to forge a stronger understanding of the interests which link the two countries.

Constructive engagement may not work in managing a rising and assertive China.

For the past two decades, India has invested in expanding its ties with China with the hope that, in the process, long-term disputes will give way to a mature and mutually beneficial relationship. India's recent emphasis on reciprocity and mutual interest in its China relations and its growing sensitivity to China's assertiveness indicate that it must also prepare for an alternative scenario in which constructive engagement may not work in managing a rising and assertive China.

The power of Asia's two largest countries is undergoing gradual but fundamental change. Without a strong structure of cooperation and understanding in place, unsettled disputes between China and India could get out of hand and seriously destabilize Asia. The emerging Asia faces many opportunities for peaceful development. The uncertainties are not as acute and unpredictable as the uncertainties and conflicts Europe faced when it was rising through the 19th and 20th centuries. The gains from growing cross-border trade and investment, the industrial and market networks across the region, and the involvement of international and regional companies in widening regional networks act as brakes against war. Nonetheless, the challenges to peace and stability are serious enough and need to be addressed by the two states in a constructive manner if they are not to repeat the mistakes of the European powers.

Notes

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