



Significance of Prime Minister Modi's Visit to China

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The state visit of Shri Narendra Modi, Prime Minister of India from May 14-16, 2015, before the completion of one year of the new government in India, has been productive and significant. Prime Minister Modi's delegation level talks with President Xi Jinping and Premier Li Keqiang yielded tangible outcomes as reflected in the signing of a total of 50 government and business MoUs during the visit. His relatively long tete-a-tete with President Xi and Premier Li gave a positive message. Further, the two joint statements issued during the visit and the issues raised by the Indian leader during his five major statements/speeches, including his media statement and speeches at the Tsinghua University in Beijing and at the India-China Business Forum in Shanghai, suggest that substantive dialogue was held between the two parties on the bilateral, regional and global issues of interest and concern.

Prime Minister Modi started his three day-visit from Xi'an, home town of President Xi Jinping and capital of China's Shaanxi province. The visiting leader was accorded traditional Tang Dynasty welcome and was hosted very warmly at the Buddhist temple. Xi'an symbolizes the footprints of India and China productive two-way cultural contacts. The cultural diplomacy in Xi'an highlighted the need to explore bilateral civilizational linkages based on spiritualism, learning, art and trade between the two civilizational states.

In terms of tangible outcomes, twenty-four agreements/MoUs pertaining to diverse areas of cooperation between various departments of the two governments were signed. It included: establishment of consulate-generals at Chengdu and Chennai; action plan for enhancing cooperation in the railway sector, space, in the field of education including vocational education and skill development; establishment of a State/Provincial Leaders' Forum, sister-state/province and sister-city relations, India-China think-tank forum; and cooperation in the field of mining and mineral resources, science and technology, climate change and disaster management.

Further, twenty-six business agreements/MoUs were signed between the business leaders of the two countries. The total value of the agreements/MoUs is more than US\$ 22 billion. These agreements span across a wide range of industries, including power infrastructure, renewable energy, steel and small and medium enterprises.

On the boundary question, the Joint Statement notes, "The two sides affirmed that an early settlement of the boundary question serves the basic interests of the two countries." It also highlights the need to seek a 'political settlement' of the boundary question in a 'proactive manner'. Knowing that boundary is a core issue between India and China, there is certainly a need to intensify the process of boundary settlement. Prime Minister Modi stressed "the need for China to reconsider its approach on some of the issues that hold us back from realizing full potential of our partnership."

Significantly, both countries decided to have more Border Personnel Meeting Points as part of the efforts to maintain peace and tranquility on the boundary. Needless to say, major breakthrough was not expected on complex issues, such as boundary. However, the success of the visit from India's perspective lies in approaching the sensitive issues candidly. The consensus on 'early settlement of boundary' is a significant outcome of the visit as Chinese leaders used to emphasize putting the border issue aside and deal with other issues, especially economic issues with priority.

The visit sets a high level of economic partnership between the two countries. The Prime Minister said, “This industrial partnership of China and India can bring about greater investment, employment and satisfaction of our people.” The large numbers of business agreements signed in Shanghai are a reflection of the keen interest of Chinese companies to invest in India and contribute towards ‘Make in India’ programme launched by the new government in India. However, there was no substantive progress on the issue of India’s huge (US\$ 40 billion) trade deficit with China. The issue of market access for India and removal of non-tariff barriers for Indian products, such as pharmaceuticals and IT needs to be worked out. It is suggested that India-China Joint Economic Group mechanisms should work for macro economic coordination between the two countries.

Important bilateral relations between major powers, like India and China, need broad-based people’s support. The visit highlighted the significance of forging relationship between states/provinces, cities and the people of both countries. The participation of Chief Ministers of Gujarat and Maharashtra in the first India- China State/Provincial Leaders Forum was a welcome move. The establishment of sister-province and sister-city relations and the announcement of e-visa for Chinese tourists – all are directed to facilitate people-to people exchanges, remove trust deficit between the two countries while nurturing economic cooperation to improve the life of the people.

India’s relationship with China is complex, but, undoubtedly, it is one of the most significant relations in the 21st century for both countries. With a population of one third of humanity, both India and China give priority to their domestic transformation. Prime Minister Modi’s visit to China has been proved substantive from the strategic and economic perspectives as well. Moreover, it has taken significant steps to ensure greater synergy by improving the knowledge gap and mutual perceptions of people of the two countries. Now, the real test for both countries would be to translate consensus reached by leaders of the two countries into concrete results. The importance of the bilateral relationship cannot be over emphasized as PM Modi stated, “Harmonious partnership between India and China is essential for economic development and political stability of Asia.”

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