



**e-paper**

Sep 13 2014 : The Times of India (Delhi)

# PLAYING DRAGONBALL - Xi Jinping Should Fix Trust Deficit



Tarun Das

There is a new dawn visible in India-China relations with two strong leaders, Narendra Modi and Xi Jinping, at the helm of affairs in their respective countries. But whether this new dawn will remove the clouds over the bilateral relationship depends largely on Xi Jinping, a strong president of a nation emerging as the most significant in the 21st century. So far there has been a single superpower the US. Dominant in terms of economy , technology and defence capability, the US used its muscle power to try and shape the world, not always successfully or correctly .

The question is whether China, clearly the strongest power in Asia will develop a new Asian role model in the exercise of power. In recent years the assertiveness, aggressiveness and seeming arrogance of China gave the sense that China, sadly, is not building a very different style and content in dealing with the world. Asian culture respects "elders" (read China), and the "father figure" leads with support to family and friends to grow and develop. So far, China's conduct is seemingly alien to this Asian way.

India and China share a long border. India has challenges to deal with the boundary dispute with China, PLA infiltration, trade barriers faced by Indian exports, Chinese support to Pakistan's nuclear capability, its indifference when India is constantly faced with terrorist attacks from across the border, claims to Arunachal Pradesh and the issue of stapled visas. These concerns have created a trust deficit in India towards China.

President Xi can address all of these issues and set the relationship on to a new path of building trust. Serious consultations could then begin to negotiate an FTA between India and China, creating a common market of 2.5 billion people that is unprecedented in scale in global history. But if Xi does not act, the trust deficit will remain and only incremental growth in trade and investment will happen. The advantages of defusing uncertainties and tensions between China and India can be enormous a huge zone of peace, security and stability in Asia. But China will need to rethink its policy towards India. No agenda of PLA infiltration, no claims on Arunachal Pradesh, no further delay in settling the boundary issue these are three critical agenda points to build trust.

On the economic front, apart from Chinese non-tariff barriers on Indian exports, there is the issue of "non-economic" pricing of Chinese exports resulting in anti-dumping action by India. There are products being exported to India at unbelievably low prices to outcompete and in fact destroy Indian industry in those sectors. All this

has to change and a new level of transparency needs to surface in the bilateral trade relationship.

The third dimension of trust building must relate to beyond India's western borders. China's actions in regard to nuclear capability build-up in the neighbourhood and its inaction in relation to terrorism are both issues of great concern to India. Interestingly , China is also now facing terrorist attacks from the same region.

The seeming negativity of China towards India's entry into the nuclear "room" of the world and its half-heartedness about India's membership in the UN Security Council, are also issues of concern. India's membership of SCO and APEC are other examples of China's lukewarm attitude.

And yet Xi Jinping has signalled a new beginning. But this cannot only be in the area of Chinese exports to India, setting up of industrial parks and building India's infrastructure. These could, in fact, add to trust deficit by themselves. The true solution lies in addressing other problems in the relationship within an agreed medium-term time frame.

Xi Jinping comes early in the Narendra Modi innings and this is a happy development in terms of timing. Together, they can build a new vision of China-India relations. On September 18, the first signals will appear how strong the new beginning is.

The writer served as chief mentor of CII.