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## SPECIAL REPORT

Chinese Premier in town: Will the two nations bridge them?

# China, India, and the five deficits

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THEN and now. No communication to dialogue. Distance to engagement. Negligible trade to \$14 billion. No transport connections to direct flights. And, so on. A story of gradual, slow change to a new atmosphere of contact, connections and communication.

Where are China and India with each other today and is there a future together? The history of the last 50-plus years is not exactly anything to write home about. There was a so-called honeymoon period followed by a long spell of break in communication which again restarted in 1988. The momentum has picked up only over the last few years.

The first issue is the 'Knowledge Deficit'. Both countries, especially the people, know almost nothing about each other. If there is to be a future together, this deficit has to be bridged.

This relates not merely to building

tourism on a large scale but, also, contacts between academics, media, medical personnel, scientists, engineers, business etc. Part of this can happen if the infrastructure exists and part of it through a deliberate initiative.

The 'Economic Deficit' is also of concern. Bilateral trade of any scale is of very recent origin. The \$14 billion trade of 2004 is on a limited, narrow base of products and services. A roadmap to increase trade and investment over the next few years is fine but, if both countries are serious about a long-term economic partnership then work and talks could begin for an FTA by 2015.

The 'Connect Deficit' is a result of no direct flights for decades. No direct shipping connections or any other surface transport links of any note. So, if both countries want to correct this, then daily flights are needed between different cities. Shipping services need to be enhanced and a highway across the mountains built.

There is also a 'Trust Deficit'. This, too, is mutual and finds its roots in history. And, building trust is a long haul,

a long-term process. It takes time to build. And, once lost, the rebuilding of trust becomes more challenging.

The issue of "Security Deficit" also needs to be resolved. Long-term friendship must be based on removing such doubts and concerns. And, if India is doing anything which causes similar concern in China, these need to be addressed. The 'Security Deficit' is the most sensitive but most critical to resolve in building trust and confidence.

The signals emerging from both governments is that there is political will to enhance engagement, to move ahead and to do so based on mutuality and common interest. Protocol is fine. But, substance is better.

If China and India are to be brothers, then China, the elder brother, needs to show its hand of friendship to India, the younger one, in a variety of ways. India needs to respond. The visit Premier Wen Jiabao will show how far China and India, together, are ready to go — and how fast — to bridge the five deficits.

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