

## Chapter 6

# The rise of Chindia and its impact on the world system

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‘Chindia’ is a newly created term that is being debated in China and India. When Indian politician Jairam Ramesh coined the term a few years ago, the Congress Party was still in opposition.<sup>1</sup> Anyone engaged in China studies for any length of time would perceive the potential for India and China if the two nations could address their existing problems. The term therefore points to a future in which the two Asian giants can produce a new force in the international system. That force would presumably impact on the balance of the system, simply because of the size, population and material capacity of the two nations, especially if they were combined, which is precisely the implication of the term ‘Chindia’. Can these two states combine? If they really address their bilateral problems, will they, as a combined force, challenge the current system?

The international system is often perceived as an organism that aspires to achieve a balance of power among its principal constituents. The post-Cold War period has witnessed a unique power equation, with the United States at the top, leading to a new equilibrium, but one whose stability and longevity have been debated heatedly. By common consent, equilibrium is built on the balance of power between dominant powers or blocs, as was the case during the Cold War. The absolute power of the United States in the international system seems, however, to have created an unseen equilibrium, which could maintain the stability of the system on the one hand, but which does not allow any other potential powers to challenge US dominance on the other. This is what the US global strategy is supposed to be about. In this context, the rise of China and India could present an intolerable challenge to the United States. Let’s look into this issue by examining the debate about the US-dominated equilibrium before discussing China–India ties.

I

First of all, achieving systemic equilibrium can be supported on moral grounds. Despite the fact that all nation-states in the international system try to maximise their interests—and that this endeavour could readily lead to conflicts—few theories see conflict as a good thing. Systemic equilibrium is supposed to reduce

the possibility of conflicts among nations and, therefore, the debate is not about whether equilibrium should be sustained, but what kind of equilibrium. Different nations had different opinions due to their respective interests, which was evident during the Cold War. For instance, the bipolar system was able to maintain basic stability in the international system, thus reflecting general equilibrium. Jawaharlal Nehru, however, the founding father of modern India, found so little to appreciate in this equilibrium that he and other leaders of developing countries who had no interest in joining either bloc looked for a 'third way' by establishing the Non-Alignment Movement, which was, by its nature, an attempt—though not necessarily successful—to create a new equilibrium, or to break down the general equilibrium.

When equilibrium is determined by the balance of power between the dominant players, those who do not have power might disagree with the situation, but it does not change the reality. Furthermore, in many cases, they could even benefit from the general equilibrium, because it helps maintain stability. They are thus described as free riders—a phenomenon that is discerned in many geopolitical games. India and China have experienced this role. During the Cold War, even though India signed a security treaty with the Soviets, it remained neutral in East–West confrontations. In the meantime, the featured stability of the international system saw India acquire a favourable position from which to look for assistance from the two blocs when a crisis in its national security came up.

<sup>2</sup> As for China, its late leader Deng Xiaoping was fully aware of the opportunities resulting from systemic stability long before the end of the Cold War. Deng's case for 'reform and opening up' stressed the importance of a stable environment to China's development and he argued that the Cold War stalemate provided that stability. Deng's new thinking thus paved the way for the adjustment of China's foreign policy.

Equilibrium thus presents two features. One is that it is not broken by those who are dissatisfied but who do not have the necessary power, and the other is that it can benefit many members of the international system, including those who are not satisfied with it. This point might contain some important implications when one considers the rise of China and India and their impact on the world system.

While equilibrium might be a universal feature of the international system, the dynamics inherent in the system will nevertheless bring about change, because the power of nations, especially the major players, changes. Therefore, judging from systemic evolution, the prospect that equilibrium could be broken exists, and the main driving force stems from nations' pursuit of their own interests, rendering moral judgment of the system less relevant. In other words, maintenance of the existing equilibrium and pressures to move to a new equilibrium result from the necessity to defend one's own interests. The key is

whether the players have sufficient power to break the equilibrium and, further, whether this will benefit or hurt the interests of the players who have such power. It is precisely on this point that the rise of China and India could result in important new variables. Insofar as the power of China and India is concerned, they do not have the capabilities to alter the equilibrium, but the dominant power of the current system is not likely to estimate the prospect only by judging what China and India have and do now, but by what they will have and do in the future. This is the basis of the US strategic vision that focuses on prevention. One of the United States' preventive measures is, for instance, to make countries such as China and India 'stakeholders'.<sup>3</sup> In the US view, the countries that can challenge the existing system have to be integrated into it, thus preserving the dominance of the United States. From the American viewpoint, the existing power equation is rational, and the United States should do what it can to maintain and preserve equilibrium. It is therefore imperative to study whether the current equilibrium is desirable.

## II

By common consent, equilibrium is realised through a sustainable balance of power. When ideology played a decisive role during the Cold War, East–West confrontation brought about a basic structure in the international system that was, in general, stable. The collapse of the Soviet Union—the so-called 'end of history'—ended this, with neo-liberalism prevailing. This does not, however, change the fact that equilibrium is necessary for international stability. In China, the debate turned out to be about the possible multi-polarisation of international politics, until the terrorist attacks of 11 September 2001 that saw the birth of neo-conservatism. Also, as a result, 'the clash of civilisations' seems to have been revived. The new form of confrontation, however, has only an ideological shell. Trying to make religion the real root of conflict in the post-Cold War era is difficult, and the real issue is whether a new equilibrium under US dominance is possible. When the United States uses its power to strike its enemies, what it defends are US interests rather than religion and the maintenance of what the United States perceives as the rational equilibrium. Those forces that attack the United States in a non-traditional way do not constitute a real power to change the structure or create a new balance of power in the international system. That is why such confrontation could be described only as asymmetrical conflict. Non-traditional forces do not constitute elements decisive enough to change the fundamental structure of the international system.

The current system is thus characterised by a lack of significant power to parallel that of the United States. Because of this, debate has sprung up about whether the current system represents real equilibrium. By traditional assessment, it would be difficult to define the current system—with one absolute power—as equilibrium. Further, by a similar assessment, a system without equilibrium

might not provide stability. The reality, however, seems different from the assessment—that is, the US-dominated system does not show much instability. Instead, because of its huge capability, the United States tries to build up a global framework with bilateral arrangements as its pillars. Needless to say, the United States takes the lead in such a system. The US approach has been well practised in the Asia-Pacific region and has won support particularly, of course, from its allies. The approach is now extending itself to South and Central Asia. As US President, George W. Bush, said during his visit to South Asia in March 2006, the United States wanted to help India rise to the status of a global power. President Bush did not say what kind of global power the United States wanted India to be, but it was certainly not one on par with the United States or one that enjoyed regional hegemony. The United States is unlikely to prefer to share its dominant position in the international system with any other power. Whether the US approach is successful, at least from the US perspective, the current system presents a favourable equilibrium, and the United States does not want to see any other real or potential power bloc to balance against it.

The issue here is whether other big powers such as China and India will accept such a US-dominated equilibrium. The answer lies in how they evaluate their own position and role in the international system and, more importantly, the judgment of their own interests.

### III

Regarding the position and role of China and India in the international system, the first point could be relevant to their development vis-à-vis the systemic rules. The argument is that the rapid economic development of both countries cannot be separated from the basic stability of the international system—in other words, in terms of their economic development, they have benefited from the current system. Therefore, despite the fact that neither China nor India would agree with the unilateral behaviour of the United States in many instances, they do not have an oppositional position against the current international system, even though it is dominated by the United States. On the contrary, China and India stress the importance of integrating themselves into the system. This perhaps reflects, indirectly, a current preference to accept the system, and to distinguish between opposing unilateralism and objecting to the system.

Second, neither China nor India pursues a policy of breaking the current equilibrium as its priority because the consequences would bring about instability, even chaos, which could do enormous damage to their interests as they are in their respective economic take-off stages. As developing powers in the international system, they cannot be satisfied with the reality that they do not have much to say in nearly all the global institutions, but fundamentally changing the system is neither within their capacity nor in their interests. According to the principle of maximising one's interests, China and India would

prefer a stable system rather than risking the instability that might flow from challenging it.

Third, China and India are rising powers and they certainly want to have a more significant position in the international system. In other words, with the increase of their capabilities, their dissatisfaction with the reality could be expressed in ways that are not yet obvious. Whether it will change the structure of the international system remains unknown. Precisely because of this uncertainty, the dominant power in today's world has to be ready to deal with any possible changes that could hurt its interests. In spite of the fact that neither China nor India really intends to challenge the international system, and that they both want to integrate themselves peacefully into it, the dominant power could determine its strategy on the basis of the 'worst-case scenario'. That is logical, just as China and India do not start from the 'best-case scenario' when they think about their interactions with the international system. This type of interaction could easily lead to the 'prisoner's dilemma'. While there is no confrontational element in the situation, the issue is that the rise of developing powers could change the international system and hurt the interests of others, especially the dominant power.

Moreover, if the manner in which the developing powers can change the system is not clear, even less clear is how China and India will deal with each other in the years to come. Discussing the impact of Chindia on the world system, one could put both countries in a similar category as a common variable, but this does not mean that the two countries share the same view of the system, nor does it mean they have already accepted each other completely or have solved their bilateral problems. One therefore needs to look into the real implications of the simultaneous rise of the two countries, and what is the essence of Chindia in a bilateral sense.

#### IV

Historically, China and India have found it difficult to handle each other's sensitivities. Because the two Asian powers are neighbours, there is a geopolitical element in their perceptions of one another. This problem existed when they were weak and it remains now that they are becoming more powerful. In fact, Nehru perceived it half a century ago. In November 1950, after China's army had been deployed in Tibet, Nehru wrote a note to his cabinet ministers in which he argued for a non-confrontational approach in their debates. Having said that India could not afford a conflict with China over Tibet and that India could not 'save Tibet' even if it had decided to fight China, Nehru pointed out that 'as two Asian powers with...[an expansionist] tendency, it would be difficult for them to deal with their relations'.<sup>4</sup> It is clear that Nehru's view could have stemmed from a geopolitical calculation. In the history of international relations, there are too many examples of difficulties in relations between two big neighbours.

In 1954, when Chinese Premier Zhou Enlai first visited New Delhi, the two sides determined to initiate the 'Five Principles of Peaceful Coexistence', which laid the foundation for sustainable development of the bilateral relationship. It was indeed a very idealistic framework for the two Asian giants, but the differences between the two sides in geopolitical interests that later events exposed reflected the fragility of the framework. If this was the situation when the two countries were very weak, what about now, when the two sides are rising rapidly in the international community?

Regarding the rise of Chindia, there are other things to be considered—and one is the two countries' comparative position in terms of economic power. Clearly, China's economic totality and growth rate exceed those of India. China's economic reform started more than 10 years earlier than India's, and, in the 15 years after India launched its economic reform, China's average annual growth rate was still much higher than that of India. These two factors indicate that, in terms of the general level of economic advancement, China has gone far ahead, whether in terms of gross domestic product (GDP) now, or its prospects for the future.<sup>5</sup> Even if India can sustain average annual growth of 8 per cent for the next 10 years, most predictions estimate that China will be able to match or exceed that rate.<sup>6</sup> That would make the disparity between China and India even larger in the years to come. In terms of trade, the disparity is even bigger, with China's total trade volume reaching US\$1.7 trillion in 2006—making it the third-largest trading state in the world—while that of India reached about US\$300 billion. These figures make the case for the simultaneous rise of China and India seem less convincing.

The rise of Chindia is a hot topic in the international media, which also focuses on comparison. India's potential is stressed, however, because India is believed to enjoy many advantages that China does not have, such as a multi-party political system, a fully competitive business environment, an independent judicial system, and so on. While India's democracy is appreciated, the more important point seems to lie at the strategic level. India attracts attention from the Western media not so much because of its economic power, but for its potential overall status in Asia vis-à-vis that of China. In Washington, this is elaborated as a counterweight against the rise of China. At this point, the simultaneous rise of China and India would be treated as a variable in the game of balance of power, for the two Asian giants have a number of unsolved problems and it is likely that India, like the Western powers, does not want to see a hegemonic China. Such a perception is perhaps well accepted in India, but not in the sense that India should follow a containment strategy; rather, India would like to use it for its own agenda. The worries that Western powers have about China are not a negative element as far as India's development is concerned. From the Chinese

perspective, the key is, then, how to look at the rise of Chindia and whether it is a viable concept.

## V

It should be clear in the first place that the simultaneous rise of China and India does not mean that they are in similar stages of development, or possess similar material capabilities. Compared with other developing countries, the rapid development of China and India—as states with large territories and populations—could impose significant change on the international system. The disparity between them is therefore less important than the prospect that their growth could have implications for the equilibrium of the international system. The rise of China and India is therefore discussed as the collective, Chindia, because China's development has already attracted extensive attention and India's rise, although starting later, has also shown strong momentum. More importantly, for more than half a century after World War II, China and India languished in very weak positions in the international system before finally rising up to the stage at which they could be defined as developing powers. Facing the Western-dominated system, they are in quite similar positions and are therefore likely to exert similar pressures on the system as they develop.

Bilaterally speaking, there is a historical legacy of severe and unresolved problems, but this does not render China and India hostile in the context of the international system. After their border conflict in 1962, the two countries had a painful period dealing with each other, but neither side was disposed to expand the dispute beyond the bilateral context. For instance, India never changed its position in support of China reclaiming its seat in the United Nations, nor did India regard China as an enemy in the international system because of the border conflict alone. By the same token, China was never hostile to the Non-Alignment Movement, which was founded by India with other nations. On the contrary, China fully supported developing countries including India and their great attempt to look for the 'third way'. In other words, although the 1962 war cast a heavy shadow on the bilateral relationship and changed the perceptions of the two peoples towards each other, it did not shift their position in the international system. Their status as developing countries decided their policies and behaviour within the system.

Now that China and India have acquired great momentum and are recognised as rising powers, this historical lesson is significant in policy making. One could argue that, even if they are not able to solve the boundary issue in the years ahead, this is unlikely to impose a significantly negative impact on their respective behaviour towards each other within the international system. This is precisely what has been observed in their policy regarding the other side, including India's participation in East Asian regional integration and China's engagement as an observer in the South Asia Association of Regional Cooperation

(SAARC). Despite the lingering suspicions stemming from their historical legacy, neither side has shifted its support in regional and global affairs. That could be seen as a result of the systemic constraints imposed on their behaviour, but such constraints are positive insofar as the rise of Chindia is concerned, because they will promote their cooperation as strategic partners.

In addition, the features of the current international system provide China and India with even more common ground. The supremacy of the United States has led to a significant imbalance of power in the system, and thus to incipient disequilibrium. To correct it requires a new formation of the power equation to incorporate other comprehensive powers. The rise of Chindia attracts attention precisely because it presents some uncertainties. No-one knows in what form China and India will become world-class nations, or even whether they will achieve this status. The potential their development has shown, however, and the status they have acquired in the international system indicate the possibility that they could change the fundamental structure of the system. Because of that uncertainty, the United States has listed them as rising powers at a strategic crossroads. After 11 September 2001, the Bush Administration stressed the importance of China and India in US global strategy, noting that the United States had to take them into account in its strategic thinking. American awareness of the potential challenges associated with the rise of Chindia is beyond doubt, even though, from the American perspective, their strategic significance can be differentiated, with India as a strategic, democratic partner.

## VI

The commonality of China and India could help explain their impact on the world system, but it should not lead to a conclusion that they will retain their similarities and remain consistent within the international system. Negative elements in bilateral relations do play a role, and how to reduce them is a challenge.

First of all, concepts make the difference. In China–India relations, concepts such as ‘hostile enemy’ or ‘good neighbour’, competitor or collaborator and rival or partner are not clearly defined. In the past half-century, these concepts have come up, depending on specific situations. After the border conflict, for example, the concept of the other as the enemy prevailed for a long time, and, during and even after the Cold War, the concept of rivalry was applied despite the genuine progress of rapprochement. At a press conference in March 2004, Chinese Premier Wen Jiabao argued that, in more than 2000 years of exchanges between China and India, 99.9 per cent had been friendly, with conflict and tension prevailing for only a very short time. He thus strongly suggested a forward-looking vision for both sides.<sup>7</sup> Here, the Premier might have been referring to the importance of changing perceptions of each other. While the unpleasant episode was short

indeed,<sup>8</sup> it might not be easily forgotten, because it took place not very long ago. More importantly, the unpleasant episode stemmed from geopolitical ideas, and they might not disappear with the rise of Chindia. It is therefore crucial for both sides to change their visions and perceptions and not allow notions of geopolitical rivalry to prevail.

Second, the disparity of China's and India's positions in the international system due to material capacity and the pace of growth could create new problems. For instance, in 2005, when efforts by the G4 (Germany, Japan, India and Brazil) to reform the UN Security Council failed, Indian media and academia alike presented lots of views, some of which attributed the failure to China's opposition and accused China of being unwilling to see India's rise as a global power. China was thus put into the category of a status-quo power rather than a rising power like India. This is not true, however, the key does not lie in how biased Indian media might have been or in the historical legacy. It is the disparity of their respective status in the international system that leads to different perceptions of interests when a crucial issue comes up. The same was true when India responded coldly to China's request for a seat in SAARC in the first Sino-Indian strategic dialogue in January 2005 in Delhi, though India finally accepted China as an observer at the SAARC Dhaka Summit in November the same year. That incident shows that India might not be comfortable sharing a forum in which it leads with a neighbour more powerful than itself. One could argue that the disparity between the two developing powers could lead to suspicion that the weaker party would regard the stronger party as a source of pressure or even an obstacle.

Third, in the political arena, there is another kind of disparity that favours India: the Western-dominated system apparently accepts democratic India more easily than it does China. For instance, in the US strategic blueprint, although China and India are identified as 'the big powers at a strategic crossroads', the American assessment of India tends to stress the positive. As President Bush said before and during his state visit to India in March 2006, the United States appreciated India's multicultural character and democracy and saw India as a strategic partner. The United States wanted to help India become a global power, though the President did not say what kind of global power the United States wanted India to be. With that appreciation, the United States decided to exempt India from the principles that guided its nuclear non-proliferation policy.<sup>9</sup> Compared with China, India apparently has a more favourable status. This political disparity might make India believe that it enjoys some sort of superiority, and to judge China as Western countries do. That would reduce the commonality of the two as developing countries in the international system, the impact of which would be negative as far as the rise of Chindia is concerned.

To sum up, the rise of China and India contains both positive and negative elements. For the purposes of this chapter, the issue is how the trajectory of these two states might affect the equilibrium of the international system.

## VII

The existing international system is characterised by the sole superpower's dominance, presenting a unique equilibrium. It is unique because it differs from any other kind of equilibrium in history; however, it still has the general characteristic of maintaining basic stability. Historical experience since the birth of the nation-state suggests that the rise of other powers is likely to break such equilibrium and return the system to normal equilibrium. This development could be the default scenario for the impact of Chindia's rise on the international system, but it might not be something the current dominant power would like to see. Whatever its prospects, the United States is likely to do what it can to prevent it or delay its progress. The dominant power's logic lies in a vision that any attempt to restore the international system to 'normal' equilibrium will constitute a challenge to the United States, that normal equilibrium will hurt American interests, and therefore the United States should seek to prevent it from taking place. The two logics seem to be in conflict: first, the rise of Chindia will shatter the equilibrium of the international system; and second, the return to normal equilibrium will hurt the interests of the dominant power. This chapter tries to argue that the rise of Chindia might not destroy equilibrium. On the contrary, China and India will try their best to maintain equilibrium, thus promoting stability in the system—not because maintaining equilibrium is politically or morally correct, but because it fits their interests. In the process of resuming normal equilibrium in the international system, the rise of Chindia will not necessarily hurt US interests, and it could even promote American leadership in the world system in the years ahead.

That the rise of Chindia does not put at risk the equilibrium of the international system is based on three arguments. First, the equilibrium of current system is abnormal. It is a sort of absolute pyramid equilibrium with American power far superior to that of any other country or bloc. In historical terms, it is a temporary phenomenon, created by specific conditions, but this does not mean that the world can be expressed only in this way. In the meantime, the US-dominated system nevertheless maintains general stability, which in turn provides crucial conditions for China and India to pursue their own development. As Chinese leaders have reiterated, peace and development are the critical features of today's world. That definition is consistent with the equilibrium of the US-dominated system. Given this context, as long as other countries do not deliberately challenge the US-dominated system, with the rise of other nations that are qualified with fundamental conditions as big powers, the international system will shift from abnormal to normal equilibrium. If the rise of China and India

does reach such a level as to contribute to a new power equation, it will only return the international system to its most familiar format, in which the big powers will present a new power structure, leading to a relative pyramid equilibrium. More importantly, economic globalisation has increased the pace of integration between nations, and interdependence between big powers is dramatically increasing. It is thus safe to predict that challenging systemic equilibrium will become an increasingly difficult option for China or India, and maintaining it will much better serve their interests.

Second, the rise of Chindia will be a gradual process. No-one really knows how long it will take for the two countries to reach such a level as to constitute a change in the equilibrium of the international system. Today, it is generally agreed that a nation's capacity is decided by comprehensive national power, not by GDP alone. At this point, China and India have a long way to go before becoming genuine global powers. In that long process, both have similar incentives and face similar constraints. Just as they cannot become successful overnight, there is nothing that can stop their development completely. In the meantime, the systemic force of the international regime will integrate them into the system gradually, and dampen any instincts to favour a different system. China's insistence on joining the World Trade Organisation (WTO) and India's painful efforts to achieve recognition from the international community as a legitimate nuclear-weapon state constitute cases in point. Whether or not they become global powers, their interests will drive them to integrate with the international system politically and economically, becoming stakeholders rather than challengers. The deeper they are integrated, the higher will be the stakes, and the stronger will be their interests in maintaining systemic stability rather than risking change to the system.

Third, the rise of Chindia is constrained not only by the dominant power in the current system, but by bilateral elements. While Sino-Indian relations have improved in the past couple of years, they are far from presenting a common force in the international system. At the conceptual and policy levels, there is still much inconsistency and divergence between the two countries. Moreover, it can be safely predicted that this will endure, and could even expand as a result of the disparity in interests and status. The higher the inconsistencies, the weaker the phenomenon of Chindia will remain and the smaller will be its impact on the prevailing international system. That will not be a destructive element as far as systemic stability is concerned, though it will be negative from the standpoint of their bilateral relationship.

In conclusion, the simultaneous rise of the two developing powers, which have various differences and difficulties, is an unprecedented phenomenon for the international system. Both powers share the ambition for and expectation of securing proper status in the system. Judged by their behaviour and policy, it

could be said that both are expecting to be accepted as a global power in the US-dominated system. Their rapid growth is providing an increasingly solid basis for this expectation. In the meantime, their development is based on stability of the system, and they are thus the beneficiaries and keepers of systemic stability, which means that they will not challenge US dominance, because such a challenge will be destructive to stability. At this point, one could argue that China and India have already passed the crossroads, and are now in the process of integrating themselves into the international system by peaceful means through their development momentum. Their growth favours equilibrium of the international system and the role of the dominant power, as is demonstrated in their increasingly mature relationship with the United States in economic and trade exchanges, political interactions, security dialogues and so on.<sup>10</sup> The trends and prospects in this regard are quite positive, which will also help promote China–India relations. In final analysis, the rise of Chindia is not and cannot be a zero-sum game either to the international system or to Sino–Indian relations.

## Reference

Shandilya, Charan 1999, *India–China Relations*, Supriya Art Press, India.

## ENDNOTES

<sup>1</sup> Ramesh's book on Chindia was published in 2003, and the Congress won the general election in 2004. Ramesh himself joined the cabinet to take the post of State Minister for the Ministry of Commerce.

<sup>2</sup> The 1962 border conflict with China provided such a case, when India received support from the United States and the Soviet Union, further isolating China from the international community. Some Chinese scholars even argue that China's unilateral cease-fire during the war was partially attributed to this fact, despite China's military victory.

<sup>3</sup> The term was used by former Undersecretary Zollick to refer to the status of China. In the meantime, India's position is also changing fast. Since 2002, when the Bush Administration issued its first National Security Strategy, China and India were referred to in all US policy reviews and reports as rising powers that the United States should deal with cautiously, and they were further described as 'the nations at a strategic crossroads'.

<sup>4</sup> Prime Minister Jawaharlal Nehru's Note on China and Tibet (dated 18 November 1950, in Sardar Patel's Correspondence, pp. 342–47), indirectly quoted from Shandilya (1999: Appendix II).

<sup>5</sup> China's GDP in 2006 was about US\$2.5 trillion, according to China's Central Bureau of Statistics—almost three times that of India, which produced about US\$860 billion.

<sup>6</sup> After coming to power in May 2004, Prime Minister Manmohan Singh first set a growth target of 6–6.5 per cent for the next 5–10 years. He believed it would be a realistic goal. There are signs, however, that the Indian economic designer has upgraded his target. For instance, at an annual conference of the Asia Society of the United States in Mumbai on 18 March 2006, the Prime Minister delivered a keynote speech arguing that India's growth rate could be sustained at 9–10 per cent annually. Real growth in 2005, however, was 7.9 per cent, and 2006 saw a jump to 9.2 per cent, but there was debate about whether the Indian economy had been overheated.

<sup>7</sup> Premier Wen Jiabao's response at a press conference (*People's Daily*, Beijing, 24 March 2004).

<sup>8</sup> The Sino–Indian border conflict started on 20 October 1962, and China announced a unilateral cease-fire after only one month on 20 November the same year.

<sup>9</sup> The United States and India signed the civilian nuclear cooperation agreement during President Bush's visit to Delhi on 2 March 2006, which would have a significant impact on the non-proliferation regime because it indicated US recognition of India not only as a de facto but as a nearly de jure nuclear-weapon

state while India could maintain its status as a non-signatory of the nuclear Non-Proliferation Treaty (NPT). Secretary of State, Condoleezza Rice, provided two major reasons for this policy: India's nuclear weapon program was legal, as it had not signed the NPT, and India had a good record of non-proliferation. A huge debate followed, because the United States' new criteria might not help prevent other states going nuclear.

<sup>10</sup> With the United States, India has a defence dialogue and China conducts strategic dialogue in security and economic areas. All these mechanisms are regularised and institutionalised, reflecting a common desire between the three parties to seek better understanding on their strategic visions.