

## FREEMAN REPORT

MAY 2008

## More In This Issue

## PUBLICATION

*"China-Europe Relations: Implications and Policy Responses for the United States"* by Bates Gill and Melissa Murphy

## CONFERENCE

May 28 Preparing for China's Urban Billion: A Research Report by the McKinsey Global Institute

## FREEMAN FACTS

Sichuan Earthquake (cont pg 5)

## Quote Of The Month

*"We will adopt the principle of no independence, no unification and no use of force."* ~ Taiwan's new president, **Ma Ying-jeou**, delivering his inaugural address on May 20 which outlined his vision for cross-Strait relations. Ma's speech was consistent with his long-standing policies of seeking greater economic engagement with Beijing without giving up on Taiwan's sovereignty. Ma noted that, *"We...hope that mainland China will continue to move toward freedom, democracy and prosperity for all the people."* Ma's comments, which also included a pledge to acquire more weaponry, triggered the largest decline in Taiwan's stock market since his election victory in March.

**Source:** *Washington Post*, May 20, 2008

## Trivia Question

How many science and technology students are there in China? (cont pg 3)

The Freeman Report provides an open forum for individual opinions and commentaries on China. All opinions expressed in the feature essay of the report are those of the author.

## FEATURE ESSAY

China-India Ties:  
A Fragile but Useful Partnership in Asia

BY ZHAO GANCHENG

The China-India strategic partnership for peace and prosperity was declared in April 2005 when Chinese Premier Wen Jiabao paid a state visit to Delhi. Since then, many measures have been taken to push forward bilateral ties, including the unveiling of the 10-point strategy\* to further those ties made during Chinese President Hu Jintao's visit to Delhi in November 2006. In his speech at the Chinese Academy of Social Sciences in January 2008, Indian Prime Minister Mamonham Singh concluded that the world has sufficient space to let India and China develop simultaneously, a meaningful guiding principle for the partnership.

## A Necessary Strategic Partnership

The partnership initiative was based on the belief that greater momentum was needed in the relationship. In 2003, when Indian Prime Minister Vajpayee visited Beijing, there was an increasing awareness on both sides that the two Asian giants were already on the fast track of growth, and that it was imperative to build a workable and sustainable framework to regulate behavior despite a number of unresolved problems. Accordingly, at that time the two sides decided to bring the bilateral rapprochement to a new level known as the constructive and cooperative partnership. The approach worked well, creating new momentum in trade and economic exchanges and paving the way for further promotion of bilateral ties.

As two rapidly-growing economies and neighbors, China and India are natural trading partners. China became India's largest trading partner last year, and there is much beyond (cont pg 2)

## In The News

**TOKYO** President Hu Jintao visited Japan on May 6 to 10. This was the first visit by a Chinese president to Japan since 1998. After summit talks with Japanese Prime Minister Yasuko Fukuda, China and Japan signed a historic deal which agreed a "new starting point" in bilateral relations. The deal came after years of strained relations caused by issues including wartime history and offshore resources. President Hu stressed pragmatic relations and the need to overcome historical tensions that have traditionally undermined cooperation. Although his visit indicated a marked progress in bilateral ties, Beijing's approach of moving forward has also drawn new criticisms in Japan over issues of food safety and Tibet.

**LHASA** Formal talks between the Dalai Lama's envoys and their Chinese counterparts are expected to resume in June, following recent emergency consultations in Shenzhen. The Tibetan delegation plans to propose an agenda for substantial negotiations on a solution for Tibet. The Dalai Lama expressed no particular optimism for the outcome of the next round of talks. However, noting encouraging signs of some seriousness from Beijing, he indicated that Beijing can no longer ignore the grievance inside Tibet and stressed the renewed talks were important for maintaining trust and clearing misunderstanding.

trade for the two nations to work on. Although both countries enjoyed increasing prosperity over the last half century, at times they drifted toward mutual suspicion, whether over political events or security issues. The unresolved boundary issue (over which the two countries fought a war in 1962) is just one demonstration of the lack of mutual confidence. For years, the two sides have attempted to improve the situation through confidence building measures on sensitive security matters. These have included joint land and sea exercises, with joint exercises between the two air forces also having been proposed. Hopefully, these initiatives will help promote a better mutual strategic perception among the two nations. For this reason, it is necessary to define the nature of Sino-Indian relations as a strategic partnership, although it is not clear how strategic the partnership should be.

### **Strategic Problems**

It appears to be in the interest of both countries to remain cautious on security and other sensitive issues. Yet, provocations sometimes emerge, showing the fragile side of Sino-Indian relations. In one extreme case, when India tested its Agni-III ballistic missile in 2007, both Indian military and media wanted to stress its over 3,500 kilometer range to cover Beijing and other major Chinese cities. It would be difficult for China to be content with that particular Indian viewpoint. At the strategic level, differences of this sort reflect a fundamental uncertainty.

Suspensions resulting from geopolitical considerations will be sources of tension and domestic political anxiety in both countries for some time. It is also clear that the fast growth of both China and India has become an important factor in the configuration of the international system, which has been dominated by Western powers. In this context, how the so-called rising powers perceive each other could be a decisive factor, because misunderstandings between China and India could lead to an unnecessary clash that will likely cause great harm to Asia. Precisely aware of this risk, leaderships in both countries have reiterated the importance of Sino-Indian cooperation, recognizing that unless mutual suspicions and improper behaviors are addressed strategically, the space for cooperation may narrow.

The complexity of Sino-Indian relations is multiplied when outside forces take a stronger interest in the region. While both China and India are regional powers, the potential of the two together may draw the attention of other sources, including the United States – not necessarily always a positive thing for the two nations given the fragile geopolitical context. The United States is a status quo power, by and large, while China and India are in a transformational stage vis-à-vis the status quo. As the world's dominant power, the United States has its own legitimate interests to defend in Asia, but how the United States will do so may enormously impact the behavior of other major players in the region, including China and India. The interaction of these forces bears watching.

### **Building a Useful Partnership**

There are three major factors that could make the Sino-Indian strategic partnership fragile – the historical legacy from the 1962 war and remaining boundary issue, the simultaneous rise and fast growth that could easily lead to competition, and the disparity of their respective status in the international system. However, the utility of the strategic partnership lies in mutual needs and complementarities in many areas. Even in the most sensitive areas, the utility is clearly demonstrated through pragmatic approaches by both sides. The joint anti-terrorism exercise between the two armies at the end of 2007 in China's Yunnan Province, is just one example. Both sides are aware that the best way to reduce suspicions is to conduct more cooperation rather than more hardline rhetoric.

In addition, there are new grounds to push the bilateral ties in a more meaningful direction. Since India is taking a stronger interest in the Asia Pacific, where China, the United States, Japan and other actors are playing significant roles, a multilateral framework may be taking shape, under which China and India could share an agenda. India's ambitions in the region have evidently drawn welcome attention, but turning potential benefits into real advantages for India will require some careful strategic thought. Rather than narrowly pursue its interests through one or more of the players, India could choose to maximize its interests by cooperating with all major players, and not at the expense of its strategic partnership with either China or the United States. On the Chinese side, working with India for a better Asia is China's goal, as the pursuit of a peaceful and stable periphery has long been China's major external strategy – one that will likely remain unchanged.

**\* Footnote:** (1) Ensuring comprehensive development of bilateral relations; (2) Strengthening institutional linkages and dialogue mechanisms; (3) Consolidating commercial and economic exchanges; (4) Expanding all-round mutually beneficial cooperation; (5) Instilling mutual trust and confidence through defense cooperation; (6) Seeking early settlement of outstanding issues; (7) Promoting trans-border connectivity and cooperation; (8) Boosting cooperation in science and technology; (9) Revitalizing cultural ties and nurturing people-to-people exchanges; and (10) Expanding cooperation on regional and international stages.

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## Publications

“*China-Europe Relations: Implications and Policy Responses for the United States*,” CSIS, May 2008

By **Bates Gill**, Director, Stockholm International Peace Research Institute (SIPRI), and **Melissa Murphy**, Research Associate, Freeman Chair in China Studies, CSIS

This report assesses contemporary development in China-Europe relations and implications for the United States. The authors provide a set of recommendations to support a more strategic, proactive, and effective U.S. approach to the broadening China-Europe relationship, which aims to strengthen transatlantic ties regarding China and improve the collaborative capacity of U.S.-Europe-China relations to address common global challenges.

[Click here for a PDF version of the report.]

“Trade with China: The E.U. Speaks with an American Accent,” *Atlantic Outlook*, vol. 2, no. 1, CSIS Europe Program newsletter, January 29, 2008

By **Charles Freeman**, Freeman Chair in China Studies, CSIS

The article discusses Europe’s changing attitudes toward trade with China. The author suggests that the dramatic shift in Europe’s favorable perceptions of China since the beginning of 2008 has made European trade policies toward China increasingly resemble those of the United States.

[Click here for a PDF version of the report.]

## Conferences & Events

**June 4**      *China-Europe Relations: What Is at Stake for the United States?*

**Bates Gill**, Director of the Stockholm International Peace Research Institute, and **Melissa Murphy**, Research Associate with CSIS Freeman Chair in China Studies, will present the findings of their co-authored report, “*China-Europe Relations: Implications and Policy Responses for the United States*.” The event will be moderated by **Charles Freeman**, Freeman Chair in China Studies at CSIS, and will feature discussant **David Shambaugh**, Professor and China Policy Program Director at the George Washington University.

**May 28**      *Preparing for China’s Urban Billion: A Research Report by the McKinsey Global Institute*

The McKinsey Global Institute (MGI)’s recent report “*Preparing for China’s Urban Billion*” offers a rich urban productivity agenda for China’s city leaders and examines what national policies are needed for China to move to a path of more concentrated urban growth. **Dian Farrell**, MGI Director and **Janamitra Devan**, MGI Senior Fellow, highlighted key findings of the Institute’s report on urbanization trends in China. The event was moderated by **Jim Loi**, Visiting Fellow of the CSIS Freeman Chair in China Studies.

### TRIVIA ANSWER

**China has a total of 42.46 million scientific and technology students.** According to China’s first *Science and Technology Human Resources Development Report*, this number is slightly higher than the U.S. figure and second to the EU’s 54 million.

**Source:** “China’s scientific and technical talents total 42.46 million,” *People’s Daily*, May 5, 2008.

## PUBLICATIONS FROM THE FREEMAN CHAIR 2007/2008\*

\* Please visit our website to access archived publications dating back to 2002.

### 2008

#### May

"China-Europe Relations: Implications and Policy Responses for the United States," CSIS, May 2008

By **Bates Gill**, Director, Stockholm International Peace Research Institute (SIPRI), and **Melissa Murphy**, Research Associate, Freeman Chair in China Studies, CSIS

#### February

*Foresight: 2008*, Exclusive Analysis Limited, London: 2007

By **Melissa Murphy** (Contributing Author), Research Associate, Freeman Chair in China Studies, CSIS

"Assessing China's Response to the Challenge of Environmental Health," *China Environment Series 9*, China Environment Forum, Woodrow Wilson International Center for Scholars, 2007

By **Xiaoqing Lu**, Research Associate, Freeman Chair in China Studies, CSIS, and **Bates Gill**, Director, Stockholm International Peace Research Institute

#### January

"Trade with China: The E.U. Speaks with an American Accent," *Atlantic Outlook*, vol. 2, no. 1, CSIS, January 29, 2008

By **Charles Freeman**, Freeman Chair in China Studies, CSIS

"Critical Questions: China's Economy and the Subprime Crisis," CSIS, January 29, 2008

By **Charles Freeman**, Freeman Chair in China Studies, CSIS

"Decoding Chinese Politics: Intellectual Debates and Why They Matter," CSIS, January 2008

By **Melissa Murphy**, Freeman Chair in China Studies, CSIS

### 2007

#### November

"China: An Olympic Hangover?," *Global Forecast: The Top Security Challenges of 2008*, CSIS, November 2007

By **Charles Freeman**, Freeman Chair in China Studies, CSIS

"China's Civil Society Organizations: What Future in the Health Sector?," CSIS, November 2007

By **Bates Gill**, Director, Stockholm International Peace Research Institute, **J. Stephen Morrison**, Director, Africa Program, CSIS, and **Xiaoqing Lu**, Research Associate, Freeman Chair in China Studies, CSIS

*The China Report 2008*

**Melissa Murphy** (contributing author), Exclusive Analysis Limited, London: 2007

#### October

"China's Response to HIV/AIDS and U.S.-China Collaboration," CSIS, October 2007

By **Xiaoqing Lu**, Research Associate, Freeman Chair in China Studies, CSIS, and **Bates Gill**, Director, Stockholm International Peace Research Institute

#### September

"Assessing China's Growing Influence in Africa," *China Security*, vol. 3, no. 3, Summer 2007

By **Bates Gill**, Freeman Chair in China Studies, CSIS, **Chin-Hao Huang**, Research Assistant, Freeman Chair in China Studies, CSIS, and **J. Stephen Morrison**, Director of the Africa Program, CSIS

#### August

"The Mist Lifts over China's Sky-high Railway," *Asia Times*, August 29, 2007

By **Eve Cary**, Research Assistant, Freeman Chair in China Studies, CSIS

#### July

"Demography of HIV/AIDS in China," CSIS, July 2007

By **Bates Gill**, Freeman Chair in China Studies, CSIS, **Yanzhong Huang**, Director of the Center for Global Health Studies, and **Xiaoqing Lu**, Research Associate, Freeman Chair in China Studies, CSIS

## FREEMAN FACTS:

### Sichuan Earthquake

1. A magnitude 8.0 earthquake took place in Sichuan this month. Over 80,000 people are dead or missing.
2. The earthquake destroyed over 3 million homes and damaged another 12 million, leaving 5 million people homeless.
3. The Chinese government has allocated \$500 million in disaster relief.
4. Over 21,000 people have been rescued and 200,000 evacuated. 4.8 million people are receiving temporary shelter.
5. Rescue efforts have involved over 140,000 relief workers in China, over 200 foreign experts, and total donations of over \$1.2 billion.
6. The United States has provided \$500,000 in aid, sending 15,000 meals, 655 tents and 2,600 lanterns.

**Sources:** Associated Press, International Herald Tribune, Reuters, USAID, Xinhua

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Center for Strategic and International Studies 2007

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## About the FREEMAN CHAIR IN CHINA STUDIES

The *Freeman Chair in China Studies* was established at the Center for Strategic and International Studies in 1994 to advance the study of China and to promote understanding between the United States and the countries of the Asia Pacific region. The Freeman Family—Luther Freeman as a clergyman, Mansfield Freeman as a scholar-business leader, and Houghton Freeman as a corporate executive in a global enterprise—have established a tradition of contributing to international understanding through practical experience in East Asia and China.

The United States has a long-standing relationship with China and the countries of East Asia, which play increasingly important roles in future international economics, politics, culture, and security. In the diplomatic, public policy, business, and government fields, the peoples of both China and the United States will benefit from greater mutual appreciation and understanding through broadly based international exchange.

The Freeman Chair's active policy-oriented agenda is dedicated to delivering informed public policy debates, expert briefings, and strategic policy recommendations on Greater China and East Asia to the diplomatic, policymaking, business, and government arenas.

### Current Research Projects

- China's domestic challenges and their consequences for U.S.-China relations and U.S. strategic interests
- The emergence of Chinese civil society and nongovernmental organizations
- China's HIV/AIDS crisis and its implications for U.S.-China relations
- Examining the economic, trade, and financial tensions in U.S.-China relations
- China's relations with key regions—including Central Asia, Europe, and Africa—and their implications for the United States
- China's military modernization and its impact on regional security
- U.S-China-Taiwan relations

To learn more about our program and ongoing research projects, please visit our website at <http://www.csis.org/china/>