

## INDIA & CHINA A TEXT IN THE TIME OF COVID-19

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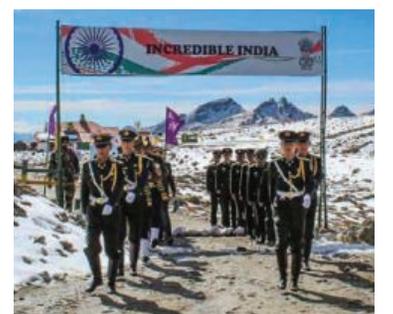
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BILATERAL TRADE BETWEEN  
CHINA AND INDIA TOUCHED  
**US\$89.6**  
BILLION IN 2017-18

CHINA AND INDIA ARE THE  
TWO MOST POPULOUS  
COUNTRIES AND FASTEST  
GROWING MAJOR  
ECONOMIES IN THE WORLD

# INDIA AND CHINA: ANCIENT BONDS NEED FRESH STIMULUS

The India-China relationship, despite differences, is too important to squander. The future should be built on a balanced partnership that works for a world order that is inclusive, open, compassionate, development-oriented, and respects diversity



The Synergia Foundation in partnership with Centre for China

and Globalization, Beijing organised a joint webinar to initiate a dialogue to build an understanding across the border, on both sides. Excerpts from keynote speeches by Former Indian Foreign Secretary, Nirupama Rao and Former Chinese ambassador to India Sun Yuxi....



BY NIRUPAMA RAO

Former Foreign Secretary of India, and retired Ambassador of India to China and the United States

The India-China relationship, despite differences, is too important to squander. The future should be built on a balanced partnership that works for a world order that is inclusive, open, compassionate, development-oriented, and respects diversity

## OLD BONDS BETWEEN CHINA AND INDIA

While there would be ups and downs in geopolitics, with regional and global competition between nations, there are certain threads that bind them together. India and China, two of the world's ancient civilisations, have always shared a cultural bond. This two-nation connect was never more highlighted than in the reverence of Rabindranath Tagore. The joint celebration of the birthday of this great poet, artist, novelist and musician -- a true Renaissance man -- both in India and China with equal fanfare, is a manifestation of such bonds.

When Tagore visited China in 1924, he said: "Where is the difference between China and India?" In Beijing, where "an almost inconceivable crowd" turned up to greet him at the station, he was felicitated by a gathering of scholars led by Liang Qichao, who spoke of Indians and

Chinese as brothers, anticipating the slogan of the fifties, but with much more intellectual depth and feeling. In Liang's words, "We are brothers, India is our elder brother and we are the younger. This is not only an expression of courtesy. We have got ample proof of that statement in history... Indians did not covet anything from China. They gave us the *sadhana* (contemplation, meditation, and focus) of freedom, and *maitri* (friendship). ... Rabindranath has come to us from the country of our elder brother." Tagore responded saying that India felt a "very great kinship with China", *sradha* as he called it, which translates to mutual respect, awareness, and kinship.

Tagore's ideal was the universal human spirit linked by reason and rationality and rising above the narrow confines of nationalism. Today, as every corner of the world is ravaged by a virus, the world needs to be reminded of the need for rationality, for the respect of universality that rises above the narrow confines of cartographic borders.

## CHALLENGES OF THE PANDEMIC

The world is on edge. It is on the brink of what could be a cataclysm that is both societal and economic which tests human resilience. And yet, nations act as if it is business as usual, continuing to pursue outstanding differences, unresolved problems, old grievances, and rivalries, in the race towards global leadership or regional supremacy. Insularity, the chase of narrow ambition, jockeying for spheres of influence, instead of interdependence -- seem to be the preferred route.

The speed with which the disaster, the anthropological threat (a definition coined by French President Emmanuel Macron recently) that is COVID-19, has overwhelmed all nations and it should induce much greater sobriety in the way nations think. Sadly, there is a game of global finger-pointing, and countries such as the United States and China, the leading powers, have also succumbed to this exercise, infusing the current situation with even greater complexity. The grammar of so-called diplomatic language has descended into depths that reduce it to street insults. This only



compounds the tragedy because "grown-up nations are supposed to behave like grown-ups". Where there should be convergence, there is divergence and dissatisfaction. Populism, protectionism and the retreat to isolationism is the natural backlash from the dislocation. Many worlds are colliding.

What is diplomacy without a strategy, without a vision? And a vision must be defined by the goals we plan for the future. We have to think about a future when we chart a vision and plan a strategy. What is the future we want? It is not about kicking the can down the road. Two to three years from now, what is the world we want to see?

## THE COMPLEX EQUATION

India and China have a complex relationship. Both are Asian giants, but with an irksome frequency, their interaction is fraught with tugs and pulls, with repetitive suspicion, and issues that have defied resolution despite all the positive outcomes that capture media headlines when our leaders meet, informally or formally. This year commemorates 70 years of diplomatic relations between the two countries. While a pandemic rages, there is news that we are engaging in confrontations along our shared borders.

New generations of young Indians and Chinese have grown up on a diet of strong nationalism, quite different from the vision of Tagore, and despite the processes of globalisation that like a tide, have lifted up boats in both nations. Historically, both nations are not known to have practised hegemony, or indulged in armed conquest, rather we are purveyors of civilisational values, or

peaceful commerce, and rich cultural traditions. But looking back on the last 70 years, both are seemingly intent on charting a course more in line with habits and practices imported from the Western playbook, the precepts of Westphalia seems to override the principles of equality and mutual benefit, and the peaceful coexistence of all beings that the great Sakyamuni preached 2,500 years ago.

Will the pandemic teach us lessons? The India-China relationship, despite their differences, is too important to squander. The issues that should determine our future are questions of peace, not conflict. Both have to avoid 'the Thucydides Trap', although in the present context it has not been applied precisely; the war between Athens and Sparta cannot be a paradigm for a 21st century Asia.

The May Fourth Movement was an anti-imperialist, cultural, and political movement which grew out of student protests in Beijing on that day in 1919. The spirit of the young men and women of China, who led that movement, is remembered to this day --- their quest for scientific enquiry, modernisation, development, freedom from bondage and equality for all. The present generation too must be guided by that spirit, of constructive cooperation rather than mutually wasting and narrow definitions of interest.

## THE FUTURE PATH

First and foremost, both nations have to ensure that there are self-correcting mechanisms that are built into our relationship that will prevent it from becoming prey to self-destructive threats of conflict. The trade and investment relationship built over the last two

decades must serve the cause of the peoples, not just mercantilist interests. The aspirational youths of both countries must not be denied livelihoods, skill enhancement, access to the fruits of technological advancement and progress. Public health and education must become the new frontiers of cooperation. Cooperation in scientific research, new technologies that have mass application and benefits including in urban development and mass transportation, environment protection and pollution control, climate change and renewable resources, bio-tech, pharmaceuticals, electronics and communications should form part of our bilateral relationship.

Hundreds of global leaders and opinion makers have advocated the absolute need for a COVID-19 vaccine, which when developed, would be available to all -- patent-free -- and produced at scale, at no cost to people everywhere. This 'people's vaccine' should be a common goal towards which both countries must pool scientific talents, resources both human and material. There is also a need to institute an impartial inquiry into the origins of the pandemic so that its cause and spread can be unravelled and fool-proof protocols can be developed.

As the Canadian historian Margaret MacMillan said recently, the river of history is changing direction and the need of the hour is moral leadership. Multilateralism that eschews hegemony, needs strengthening and preservation.

Organisations such as the WHO cannot be dismissed just because its work during the pandemic could have been better. WHO is relevant to come up with sensible strategies to combat the pandemic, and to develop global protocols for mitigation, treatment and prevention of the disease as also against future biological threats.

The future should be built on a balanced partnership between India and China, as mutually responsible countries, that work for a world order that is inclusive, open, compassionate, development-oriented and respects diversity and the rule of international law. Both must build middle ground in a polarised world and stress on the core values as a humanity. It could perhaps be the start of a 'Himalayan Consensus' between India and China that can apply to the world.

GROWTH IN DIPLOMATIC AND ECONOMIC INFLUENCE HAS INCREASED THE SIGNIFICANCE OF THEIR BILATERAL RELATIONSHIP



CHINA AND INDIA TOGETHER SHARE 19.46% AND 27.18% OF TOTAL GLOBAL WEALTH IN NOMINAL AND PPP TERMS RESPECTIVELY



**GDP 2018:** 13.6 TRILLION (CHINA) AND 2.7 TRILLION (INDIA)  
GDP GROWTH RATE (2019)  
**INDIA:** 5% IN THE FIRST QUARTER OF FY20  
**CHINA:** 6.2% IN Q2 OF 2019

# WE CAN WIN THIS BATTLE BY WORKING TOGETHER: SUN YUXI

Solidarity and cooperation are the most powerful weapons to fight against COVID-19, and finger-pointing would be detrimental to the international community, says former Chinese Ambassador Sun Yuxi



BY SUN YUXI

Former Chinese Ambassador to India.

I am here to talk about cooperation between China and India on fighting against the COVID pandemic.

My three years as Chinese ambassador in India left me deeply in love with the land and its people. During my tenure here, China and India established a strategic, cooperative partnership for peace and prosperity. Since then, I think our people have enjoyed more in-depth exchanges and cooperation, and our two governments have coordinated more on major international and regional affairs.

Now, the COVID-19 outbreak is posing a severe challenge to mankind. While global efforts have come to a crucial point, I think solidarity and cooperation are the most powerful weapons to fight against the epidemic.

**QUOTE box:** Viruses are enemies of mankind. They respect no borders, and epidemics do not distinguish between races. We are now in the same boat.

I would like to focus my attention mainly on international cooperation to fight COVID-19. We can win this battle by working together.

China has taken responsibility and provided support to the international community. We have worked closely with international and regional organisations, especially WHO. We have sent many medical teams to other countries and provided huge amounts of medical supplies. What we have done is based on the belief of building a community of a shared future for mankind. China and India are both ancient civilisations, with populations accounting for more than one-third of the world. So, I think that we have all the reasons to strengthen cooperation.

So far, China and India have been maintaining close communication and cooperation on the pandemic and control. The leaders of our two countries have exchanged messages and telephone calls. We both believe in strengthening international cooperation. This reminds me of the touching story of Dr. Kotnis who went all the way to China during the Second World War to support the war of resistance

## SINO INDIA TRADE RELATIONS



It is estimated that Chinese manufacturers make around 40% of all APIs (active pharmaceutical ingredients) used worldwide and that China and India are the source of 75% to 80% of the APIs imported to the U.S. .



India relies on China for about 70% of its supply of APIs. And for some well known drugs, such as paracetamol, amoxicillin and ibuprofen, India is almost 100% dependent on China.

India is the third-largest producer of pharmaceuticals in the world by volume. The country's Department of Pharmaceuticals reported that it supplies 20% of global exports of 'generic' drugs.

India also produces 65% of the World Health Organisation's requirement of DPT – diphtheria, pertussis and tetanus – and tuberculosis, as well as 90% of its measles vaccines.

March 18: India provides 15 tonnes of medical supplies to coronavirus-hit China comprising masks, gloves and other emergency medical equipment at a cost of about Rs. 2.11 crore.

April 14: Indian companies and government entities place orders for 15 million Personal Protective Equipment (PPE) kits, including gowns and masks, and 1.5 million rapid testing kits from China.

April 16: Of 1,70,000 PPE kits that arrived in India on April 5, about 50,000 failed quality tests.



### BILATERAL TRADE

AS OF FEB 2020



**85.17**  
BILLION YUAN  
**\$12 BILLION**

### TRADE DEFICIT FOR INDIA

**\$56.77**  
BILLION  
AS OF FEB 2019

against the Japanese aggression in China, and he sacrificed his life in China. We should carry forward his spirit of internationalism and cooperate with this spirit in fighting against the epidemic.

### MUTUAL MEDICAL ASSISTANCE

I have noticed that at a critical moment in China's epidemic fight, the Indian government provided medical supplies to China, and the Indian people have shown their support in various ways. All this valuable support and assistance

will be greatly appreciated and long remembered. And since the outbreak of COVID-19 in India, we in China have shared the same feeling and have also extended a helping hand. China has, in a timely manner, shared experiences with the Indian side in epidemic prevention and treatment. Some Chinese provinces and cities have donated medical materials, and many Chinese companies and charities have provided India with a large number of medical supplies, such as facial masks, protective suits, gloves, and ventilators. I'm sure that China will continue to jointly work with India, strengthen medical and

health cooperation, and overcome difficulties.

However, in a crisis like this, I feel very sorry to hear leaders or politicians complaining, finger-pointing, or playing the blame game. Such moves will likely divide the international community, lead to prejudice against specific groups, and ultimately hurt the shared interests of the world. At present, I have learned that the Indian government has taken strict prevention and control measures, which has delivered positive results. India's victory in epidemic control is of great significance against the global fight against COVID-19. As a friend, I sincerely wish India an early victory.

AMB. SUN YUXI is the former Chinese Ambassador to India. He is a graduate of Beijing Foreign Studies University and the London School of Economics. He was Ambassador of the People's Republic of China to Afghanistan (2002–2005), Italy (2008–2010) and Poland (2010–2012) as well. He was the spokesperson for the Ministry of Foreign Affairs of the People's Republic of China and deputy director of its information department.

# BLUEPRINT FOR A DECADE OF CHALLENGES AHEAD

The Chinese annual government work report released at the Two sessions 2020 revealed plans for reviving the economy, alleviating poverty and fiscal reform top the agenda

BY LAURENCE BRAHM



Founder Himalayan Consensus.  
Senior International Fellow, Center  
of China and Globalization

Premier Li Keqiang delivered the annual Government Work Report at the Great Hall of the People before assembled delegates of the National People's Congress on May 22. It was a defining moment in the wake of the most devastating public health crisis that China has had to face in its modern history. The coronavirus pandemic is an ongoing crisis for which China must take specific remedial economic measures to address it.

Unlike certain western countries that have politicised coronavirus in the context of social divide and rule before electoral cycles, China has focused entirely on controlling the pandemic, preventing future waves, and addressing the problems left in its wake, namely unemployment, globalisation decoupling, and the need for remedial environmental policies that can be effective in the long term.

Post the coronavirus crisis, economic recovery may be understood in the context of either Chinese or western medicinal approaches, depending on which one you want to choose.

Western medicine does not adopt preventive medicine or considers the totality of one's health and the effects of environment on overall social health. It rather narrowly focuses on curing the endgame sickness, often when it is too late.

In Chinese traditional medicine, the entire state of mind-body balance, environment, diet and outlook are considered as integrated parts of a totality. Preventive medicine and the opening of blockages so that blood and positive energy can flow freely prove key in preventing unhealthy situations and sickness. Maintaining a balance is the most important consideration.

## CHINESE PREVENTIVE MEDICINE

In many ways these approaches are being reflected in the economic policies and economic stimulus of both Washington DC and Beijing. Methods adopted are almost divergent in nature.

The White House and the Federal Reserve have promised "unlimited" quantitative easing in order to prop up their market. Some \$3 trillion in debt-buy-back backed dollars was thrown at the market in one surge before the end of March.

Washington DC's economic policy is concerned with the buoyancy of the capital markets, not the overall health of the economy. The focus is to keep the elite enriched through

## ACTION PLAN

### CHINA'S 2020 MILITARY BUDGET 1.27 TRILLION YUAN (US\$178 BILLION)

2014	\$191.6 BILLION
2015	\$141 BILLION
2016	\$147 BILLION
2018	\$175 BILLION
2019	\$177.5 BILLION



"unlimited" quantitative easing or debt-buy-back liquidity now called "repo", with most of the cash flooding into big tech that control social media, and with it the minds of the people. This policy of singular focus on capital market health has proved successful in maintaining the current caste system, keeping the rich extremely rich and making sure that the poor are opiated with addictive social media and anger-inciting entertainment. American democracy is about divide and rule. In their context it always works.

On the other hand, Beijing's economic policy is concerned more with the overall health of the economy. This session of the NPC will approve a 1 trillion yuan bond issue specifically for COVID-19 control, while pursuing prudent monetary policy involving reductions in reserve ratios and interest rate cuts together with re-lending to increase M2 broad money supply, while making lending to small- and medium-sized enterprises both more convenient and accessible. Everything is focused on the real economy, with skill training to enable more than 35 million vocational jobs.

## 'NEW INFRASTRUCTURE' CONCEPT

This year's report also set a framework for quality versus quantity in overall life improvements. Where past programmes have focused on fixed asset infrastructure investments to drive the economy and create new jobs, this year a fresh concept is on the table called "new infrastructure" to solve actual snags in the economic system to keep arteries of supply and demand smoothly running and preventing snags in the supply chain that can create economic distortion.

Following this year's report, it is clear that China will be pursuing comprehensive, balanced economic development by addressing all levels, sectors and geography together. Emphasis will be placed on "new infrastructure", which can be defined as smart, green and blue.

The policy will focus on the total health of the economy requiring a re-

balancing between overly developed coastal megalopolis cities and the lesser-developed rural landscape of the interior. While past development leaned on heavy infrastructure and industry, the new focus will be on corrective environmental technologies and an overarching matrix shift in the energy grid from fossil fuels to green energy.

Toward achieving such an economic transformation from the current stage that has emphasised industrial production and export trade as the focus, there will be a shift toward re-development of the interior calling for infrastructure that is smart, green and blue. Seven fields have been identified as the focus: 5G infrastructure, ultra-high-voltage intercity high-speed railway systems, urban rail transit, new energy vehicle charging stations, big data centres, artificial intelligence, and industrial internet to enhance data collection, exchange, and analysis to enhance productivity efficiency.

"Ecological Civilisation" was repeated throughout the Government Work Report, referring to China's overarching policy of sustainable development requiring massive energy shift from fossil fuels to green and development of the green finance and technology capacities to affect such transition, including education and environmental awareness.

The emphasis on ecological civilisation indicates that China's "new infrastructure" will be very different from the old fixed asset infrastructure investments that have driven economic growth in the past. Rather than focusing on the hard infrastructure of roads, rails, airports and new urban landscapes involving massive steel and cement, the new infrastructure will be more about smart transport, ecological restoration, social health and well-being --- smart, green and blue.

The mechanism of financing will be different as well. The last grand stimulus programme responded to global recession following the 2008 American subprime-sparked financial crisis. At that time, China rolled out massive infrastructure projects much of which were financed through traditional bank lending. This time, the capital markets will

play a much bigger role. Local governments will be encouraged to raise money particularly through green bond issues.

China is probably the largest green bond issuer in the world today. Green bonds require that debt raised be applied under specific conditions, such as grid conversion to green energy sources or for purposes of water safety among the many clean environment infrastructure needs.

## SHIFT TO CORPORATE FINANCE

In addition, 600 of China's listed companies will serve the main investors drawing upon capital market resources. The very nature of financing for China's own domestic infrastructure investment is clearly shifting away from policy lending toward corporate finance.

The report focused on developments in technology, artificial intelligence, and big data. These are key components in the massive transition under way in China from fossil fuel reliance to green energy. Moreover, these technology sectors are key in upgrading China's public health sector. Throughout the coronavirus crisis, new technologies were applied proving the necessity of correctly applied technology to solving health care challenges.

## PUSH FOR GREEN

China has set the ambitious yet realisable target of shifting the energy grid to 80% green by 2050. This energy transition will also seek to address blockages in transport through investment in high-speed rail networks that are both intra and inter-city. Moreover, aggressive promotion of electric vehicles will witness a transition in the auto industry to drastically reduce carbon output. Auto industry insiders in Beijing know that all of the major vehicle manufacturers are focused on designing and producing the next generation of electric vehicles including some of the really big luxury car brands present in the China market today. It will go way beyond Tesla

-- the only electric car of the rich and elite. Electric vehicles will become predominant if not mandatory in China. This year's NPC infrastructure approvals include a blueprint of 1.2 million ultra-high-voltage charging stations across the country.

## BRIDGING THE GAP BETWEEN COASTAL AND INTERIOR

A large portion of this year's report addressed poverty alleviation, the focus of which will be development of China's western regions, setting an ambitious target to achieve modernisation of all western regions by 2035. China's western development has been an ongoing three-decade process that has involved layers of different types of investment from the earlier rail and road infrastructure. This crucial stage will witness the re-configuring of ecological cities that can offer the same if not even better, at least newer, facilities for health, environment and new technology development within the areas that have previously been designated as rural and agricultural.

Just to put this in perspective, Guangdong, a coastal highly developed manufacturing and technology province has an annual GDP of 10 trillion yuan. By comparison the annual GDP of western interior provinces such as Qinghai or Ningxia does not even reach 1 trillion yuan. Throughout China's four decades of reform and opening up, there has been a massive migration of workers from rural western provinces to coastal cities looking for both opportunity and better quality of life, leaving the interior largely gutted of productive talent. At the individual urban level, there are only 17 cities that qualify as part of China's "club" of cities with GDP exceeding 1 trillion yuan. Twelve of these cities are on the east coast and only two in the west.

These western areas are the regions where the highest poverty levels have historically been concentrated, largely due to the remoteness of many areas. So in keeping with the principles of Chinese traditional medicine, balance must be prioritised between developed and underdeveloped regions, economic growth and environment together with public health.

This Government Work Report is especially significant as 2020 heralds the beginning of a decade that will probably go down in world history as one of the most challenging in terms of natural catastrophe and possibly most turbulent in reconfiguring the global system from what has existed since World War II to a new system that will emerge in the years ahead. By eliminating poverty, China could very well become the only country that actually achieves the United Nations 2030 Millennium goals. Chinese medicine is all about balance and cultivating internal soft power.



**198**  
RECURRING  
MUTATIONS  
TO VIRUS

**8 JANUARY**

New Coronavirus identified as cause of pneumonia

**8 FEBRUARY**

724 died from coronavirus infection-associated pneumonia  
34,878 were confirmed to have been infected

**2ND WAVE**

China: 73 cases of coronavirus as on 28 May, with four in critical condition.  
Previous stats 82,995 confirmed cases  
78,288 patients cured, 4,634 death

**JOB LOSS**

Loss of 5 million jobs,  
300 million rural migrant workers have been stranded at home



**TESTING REGIME**

The lockdown was lifted in May after 76 days, and an ambitious testing regime was introduced in Wuhan after new cases emerged, raising fears of a second wave. On May 26, Wuhan stated that it tested nearly 7 million people in 12 days.

China's prompt response and efficient monitoring can be credited with curtailing the spread of the virus, along with the willingness of citizens to adhere to protocol. China now has sent medical equipment and PPE all over the world to help other countries still working on slowing down their cases. While there have been issues raised about the quality of the PPE and that China could have hidden the exact number of cases, the effort put in by the doctors on the ground in controlling the spread of the virus cannot be negated.

**INFORMATION SHARING**

Some databases offer information on COVID-19 through public-private partnerships, such as by Dawex, Parexel, and the EU's ERAvsCorona Action Plan. But this kind of data-sharing is done only in certain circles, with no one governmental organisation having taken the lead. Patient-level COVID-19 data is also not publicly available. The data available is said to "lack comprehensive information beyond typical registry resolution". Dr. Ye believed that there is a need to create a unifying multinational COVID-19 electronic health record, which can be accessed by researchers globally.

The non-existence of this is not due to the absence of technology. One such example of a publicly-available, anonymous, electronic health record is the MIMIC-III (Medical Information Mart for Intensive Care III), present since 1996. It contains roughly 40,000 patients in the Beth Israel Deaconess Medical Center (BIDMC). It offers insights into a critical care cohort, allowing clinicians and computer scientists to address research questions and build predictive models.

Much of what is known about COVID-19 comes from how it has spread in different countries, based on which doctors make their assumptions. Creating large-scale COVID-19 Real World Evidence (RWE) studies that take in data from a variety of real-world sources — like patients being treated in the hospital — could help accelerate the development of treatments in a more patient-centric and patient-friendly way.

The need for open-source hardware and software that allows for national and sub-national health systems to collect and share live and updated data in a timely manner, while being mindful of privacy laws has never been more topical. This would allow already overburdened healthcare systems around the world to quickly adjust in their fight against COVID-19.

# DATA SHARING CRUCIAL DURING A PANDEMIC

With lockdowns the world over being lifted gradually, it is important to have a common pool of information for countries to prepare for the unpredictable road ahead



**Dr Ye Baixin**

is a doctor at Renmin Hospital of Wuhan University. He is credited with founding four WeChat rooms dedicated to sharing the experience of COVID-19 by Wuhan professionals. Nearly 2,000 doctors are in touch through his efforts, including 400 doctors in China and more than 600 from the United States. The 'Global health professionals on COVID-19' chat rooms created by Dr. Ye have witnessed great cooperation. With the help of a team from Wuhan University, the chatrooms now also include seminars and other academic exchanges.

**T**here is much to be learnt from China on how they managed the pandemic. This is what Dr. Ye highlighted in his talk at the panel hosted by Synergia Foundation in cooperation with CCG.

(Quote) In an interview with Global Times, Dr. Ye said, "Having gone through all the hardships and eventually conquered the epidemic, Wuhan doctors are like an internationally recognised brand name to overseas health workers. We cannot only provide them with experience, but also boost their confidence."

China's roadmap to recovery followed the following protocol -- the containment of spread and disease action, good procedures for disease management, avoiding medical resource wastage (all of which was free to the people in China), and using highly scientific technology.

Its success in fighting the pandemic makes the case for the need to set up resources to allow sharing of information across borders between medical professionals.

**THE SPREAD AND CHINA'S RESPONSE**

The COVID-19 pandemic originated as a cluster of unidentifiable pneumonia cases in Wuhan, the capital of Hubei province. As the number of cases grew, the potential for an outbreak was discovered by the National Health Commission (NHC) in Beijing after sending experts to Wuhan. On the same day, the authorities notified the World Health Organisation.

By the first week of January, the genetic sequence of the virus was published on an open-access database. The Wuhan seafood market was closed down by Jiangnan District's Health Agency and Administration for Market Regulation on January 1. On January 20, the NHC set up a team to deal with pneumonia caused by the coronavirus, which then went to other provinces and cities to supervise the control of the epidemic. The mainland also stepped up its production of masks from 10 million to 116 million daily. Delivery drones, AI, and facial recognition

systems were used to keep a check on the epidemic. Makeshift hospitals that resembled those made for the 2003 SARS outbreak in Caidian, Wuhan, were built. China was also the first country to go into a full lockdown -- on January 23 -- on its own and not on the advice of the WHO.

A lockdown of this scale had never been seen before. Caught off-guard, China received help internationally from countries like Japan and Guinea, and even the Bill Gates Foundation.

Many cities limited the number of people going out per household, with only one person permitted for purchasing necessities every 1 to 3 days in February. Temperature checks were made necessary and commonplace at each entrance. There was round-the-clock surveillance through contact-tracing apps, CCTV usage, and check-in by doctors. What they learnt from their battle with COVID was that even though they asked suspected cases to stay at home, the number of cases still increased, which then had to be controlled through community containment.

# A 73-YEAR-LONG INTRACTABLE BORDER DISPUTE

An in-depth appraisal of the India-China standoff indicates that there's more to the tensions than meets the eye

BY MONI CHANDI



Retd Major General, Chief Strategy Officer, Synergia Foundation

**H**as the international border between India and China been delineated and demarcated?

There is a distinct difference between delineation and demarcation. The former relates to markings on a map, while the latter means marked on the ground. There is no established international border between India and China. What exists, and that too only in the perceptions of the states concerned, is the Line of Actual Control (LAC), established after the 1962 Indo-China war. The 3,488-km-long LAC, between India and the People's Republic of China (PRC), has neither been delineated nor demarcated. Both countries hold on to their own perceptions of the alignment of the LAC. This situation was inherited from the British, but even after 73 years of Independence and the 1962 war, India and China have failed to solve this seemingly intractable problem.

**Analysis:** After the 1962 war, which continues to taint relations between the two countries, official India – China border talks began in 1981. The Joint Working Group was formed in 1989, and the Experts' Group created in 1993. However, even after 22 rounds of border talks, the last of which was held in New Delhi in 2019, there is little optimism for a resolution to the vexed border dispute. Indian Prime Ministers Rajiv Gandhi in 1988, Narasimha Rao in 1993 and Atal Bihari Vajpayee in 2003, had attempted to bridge the divide. Modi has visited the PRC more than any other leader (nine times) and shares a special relationship with Chinese President Xi Jinping, which was demonstrated by informal and personal meetings (Sabarmati: 2014; Wuhan: 2018 and Mahabalipuram: 2019).

**Assessment:** Despite repeated initiatives by Indian PMs, there is no indication of a settlement on the horizon.

It appears that the border dispute has more complications than can be solved by bureaucracy and leadership alone.

**In the absence of a recognised border, how is border management carried out?**

The management of the India – China border is governed by the Peace & Tranquillity Agreement (PTA), 1993, and the Confidence Building Measures (CBM) Treaty, 1996. Further additions to this framework have been progressively built-in, in 2005, 2012 and 2013. These treaties accord recognition to the LAC, including the differing

## CHINA VS INDIA



CHINA

2,183,000	ACTIVE PERSONNEL	1,444,000
\$237,000,000,000	DEFENSE BUDGET (USD)	\$61,000,000,000
3,210	TOTAL AIRCRAFT	2,123
1,232	COMBAT AIRCRAFT	538
3,500	COMBAT TANKS	4,292
33,000	ARMORED VEHICLES	8,686
2,650	ROCKET PROJECTORS	266
74	SUBMARINES	16
220	COASTAL PATROL	139

- Buddhism was transmitted from India to China in the 1st century CE.
- The Indian epic Mahabharata (c. 5th century BCE) contains references to "China".
- The dhyana master Buddhahadra was the first abbot of Shaolin Monastery, who hailed from Southern India.
- Bodhidharma, the founder of the Zen school of Buddhism in China, as a prince of the Pallava dynasty.
- China is India's largest trading partner



INDIA

perceptions of both countries and the fact that the establishment of the border is still a work in progress.

The PTA comprises eight paragraphs, stresses the importance of peaceful and friendly consultations, and places controls on troop levels and activities, in proximity to the LAC. The CBM Treaty is a more detailed document comprising 12 articles. It contains a commitment that neither side shall use or threaten force nor seek unilateral military superiority. Article III places restrictions on the deployment of troops and weapons in proximity to the LAC; Article IV places restrictions on the conduct of military exercises, and Article VI prohibits the use of weapons and explosives, within 2 km of the LAC.

**Analysis:** Kiran Rijju, former Minister of State for Home, reported in Parliament that between 2010 and 2014, there had been a total of 1,612 transgressions on the LAC. Most violations are not reported in the media. While violations on the LAC are commonplace, there are also two to three incidents each year involving more serious confrontation. In April – May 2020, Chinese and Indian troops were involved in at least two non-lethal but aggressive actions in Ladakh and Sikkim.

**Assessment** Both the PTA and the CBM Treaty have been professionally drafted and are capable of sustaining peace along the LAC, despite the absence of a mutually recognised border. However, in the

absence of a border settlement, and the demarcation, face-offs between troops in contact are likely to continue.

**Why has there been no political solution to the dispute so far?**

India became independent on August 15, 1947, and the PRC was formed after the Chinese Civil War on October 1, 1949. Both the new governments inherited the unresolved border from previous regimes. In hindsight, it is surprising that both governments endorsed maps of their respective countries, erroneously including common territories. The bulk of the disputed territory was Aksai Chin, involving 38,000 sq. km.

China had never accepted the legality of the McMahon Line, in the Eastern Sector. However, in 1960, Chinese PM Zhou Enlai said China was prepared to accept the line as a possible boundary, provided India recognised China's claim in the Western Sector, primarily referring to Aksai Chin. After the 1962 war, the offer was taken off the table. However, in June 1980, Deng Xiaoping, as the paramount leader of the PRC, renewed the offer with minor modifications.

China's Western Highway (now called China National Highway 219), linking Xinjiang to Lhasa, Tibet, was constructed from 1951 to 1957. It was only in 1958 that India discovered that 179 km of the alignment passed through, India-claimed Aksai Chin. The matter was debated in the Indian Parliament and on

September 10, 1959, Prime Minister Jawaharlal Nehru made the following statement: "It is an inhospitable area and has not been under any kind of administration. Nobody has been present there. It is a territory, where not even a blade of grass grows, about 17,000 feet high..."

To which, freedom fighter Mahavir Tyagi and then MP, pointing to his bald head famously replied: "Nothing grows here either... should I cut it off and give it to somebody?"

**Assessment:** Tyagi's diatribe is now folklore. However, it also perhaps caught India's first and Oxford-educated PM off-guard. No satisfactory response was given to Tyagi, and his remark continues to impose caution on parliamentarians, who dare to suggest an amendment to India's borders or a change to India's now accepted but perhaps erroneous map. Tyagi's statement will remain an eloquent and passionate comparison, but is actually a case of mixed metaphors. Barren, unoccupied, and inhospitable real estate cannot be compared to a precious human head, even if it be one without hair!

**What is the Chinese perspective to the dispute?**

In 1959, the People's Liberation Army (PLA) took control of Tibet, suppressing the rebellion of the Tibetan people. Faced with grave danger, the 14th Dalai Lama (Tenzin Gyatso) and his entourage fled Tibet, crossed the Himalayas

and sought refuge in India. The Government of India, not only gave political asylum to the Dalai Lama and the Tibetan refugees, but also permitted the Central Tibetan Administration (Tibetan government in exile) to be established in Dharamshala, Kangra district, Himachal Pradesh.

In 2006, the PRC enlarged its territorial claim, including the whole State of Arunachal Pradesh (90,000 sq. km.), as South Tibet. The claim has little legitimacy and no visible popularity with the local people. However, it was formally made and repeated periodically.

**Analysis:** The Tibetan government in exile receives funds from several sources, including the U.S. government. For the PRC, the presence of the Dalai Lama and the Tibetan government in exile, in India, is a grave provocation. It has, on multiple occasions, accused the Tibetan government in exile of receiving support from external sources and plotting to separate Tibet from the mainland. Tenzin Gyatso (now in his 80s), in 2011 formally wrote to the Assembly of Tibetan People Deputies, requesting relief from all temporal duties. Arunachal Pradesh has very little historical or cultural connection with Tibet. Even the Buddhist monastery in Tawang, Kameng district, is more associated with Indian Buddhism than Tibetan Buddhism.

**Assessment** More than 60 years have passed since the annexation of Tibet by the PRC. Successive Indian PMs have acknowledged the PRC's sovereignty over Tibet. Most of the approximately 1,00,000 Tibetan refugees in India, have absorbed the Indian culture and show little inclination to return to Tibet. For the present, there appears to be a tacit quid pro quo. India's acceptance of one-China (Tibet) is conditional to China's acceptance of one-India (J&K). China's deliberately planned claim over Arunachal Pradesh is perhaps designed to provide strategic offset, to India's claim over Aksai Chin.

**THE WAY FORWARD**

Both Modi and Jinping are strong leaders who currently enjoy enormous political power. They have both demonstrated courage in taking decisions and the charisma to carry detractors. A mutually acceptable solution to the border-dispute will require compromises by both nations, involving changes to the maps of both countries. This would promise harmony and cooperation between the two most populous countries in the world. India should concede Aksai Chin to China (already in their hands) while China should concede Arunachal Pradesh to India (already in Indian hands). Once this political principle is accepted, it should be relatively easy to delineate and demarcate the LAC.

**SYNERGIA FOUNDATION  
RESEARCH TEAM**

**A**t the 'India and China: Two Asian giants amidst a pandemic' webinar, hosted by Synergia Foundation in collaboration with CCG (Center for China and Globalization), moderator Andy Mok (Senior Fellow, CCG) focused on the supply chain disruptions due to COVID-19. The speakers were Kevin Kang (Chief Economist, KPMG China), Jason LU (Vice-President, KORRUN Group), Gina QIAO (Senior Vice-President and Chief Marketing Officer, Lenovo), and Gopi Hanumanthappa (Managing Director of ThyssenKrupp).

The discussion centred around how supply chains could be strengthened.

China has restarted most of its industries and factories, along with a percentage of flights. The number of new cases reported since April has been few compared to the thousands reported in February, which is thanks to a rigorous regime of screening, testing, and quarantine. The National Bureau of Statistics (NBS) manufacturing PMI (purchasing managers' index) was 50.8 in April, above the average 50 that separates growth from contraction in a survey of factory owners, which is a testament to increased morale across the economy.

**SLOW BUT SURE RECOVERY**

Dr. Kevin Kang stated that the Chinese economy, as per the economic data released for April, can be seen to be slowly recovering in both the money market and industries. China is one of the biggest producers in Asia, and strengthening its ties with the rest of Asia would be an advantage.

China is the largest energy-friendly market, which is why there's a Tesla factory there. The country accounts for nearly half the sales of new-energy vehicles globally.

**STATE OF MULTINATIONAL SUPPLY CHAINS**

The key areas of supply chain management today are cost containment, visibility risk, customer intimacy, and globalisation.

In a 2010 report released by IBM after interactions with 400 senior supply chain executives, the key finding was "to deal effectively with risk and meet your business objectives, we believe supply chains must become a lot smarter", and to start building the vision immediately.

A smart supply chain is defined as one having three important components:

**Instrumented:** Data collection networks that provide real-time visibility will support supply chains; pallets? will "report if they wind up in the wrong place".

**Interconnected:** System-to-system integration up and down the supply chain, not only to trading partners, but to machines and inventory (shop floor to top floor).

**Intelligent:** To achieve better supply chain decision-making through advanced analytics and next-gener-

**DISRUPTIONS IN SUPPLY CHAIN**

→ Domestic and International Trade in China -

**56%** drop in February

→ The United States, United Kingdom, and Europe - 26% in the beginning of April, and a continuing decline of

**17%** in late April.

→ IATA requires cash infusion of

**\$200 bn**

→ **90%**

Fortune 1000 companies with tier 2 suppliers in China affected

→ **75%**

companies reported global supply chain management disruptions



**SUPPLY CHAINS NEED TO BE SMARTER, LEANER AND MULTINATIONAL**

The pandemic has highlighted how industries were disrupted due to frozen supply chains. Here's what needs to change to ensure minimum damage in the future

ation optimisation software.

While these definitions do not account for a pandemic, the need to shift integration to machines and inventories and using advanced analytics stands out in this situation. Different sectors are also bound to get affected differently, as can be seen in the IT vs aerospace comparison that arose during the webinar. Gina Qiao, Senior Vice-President and Chief Marketing Officer at Lenovo: Lenovo was initially affected by the lockdowns the world over, but they managed to keep up with the demand and continue production in countries where a lockdown hadn't been announced yet.

**LENOVO'S MANOEUVRES**

Lenovo has 33 manufacturing sites through which they could navigate a change in supply and demand. When China first went into a lockdown, the firm's factories in India (in Puducherry and Chennai) stepped up production. Later, when the lockdown was announced in India in March, the factories that opened up slowly in China could take over to keep up with the demand. Lenovo also holds a massive market share in PC and personal devices

in India - 30% in PCs and 50% in tablets. This shows that while the future is hard to predict, one must be in a position to act quickly and be prepared. It calls for a more multinational approach to supply chains and the flexibility to shift operations, and the importance of globalisation. There is the diversification of labour, demand, and supply created when parts of the supply chain are spread around the globe. Qiao indicated that if we are to build a strong economy, there is the need to work together. There is also the need for smarter technology for people working from home. In the next three years, 75% of companies expect to have achieved digitalisation. Lenovo, in this scenario, is a technology-enabler as well as a provider.

As for aerospace, Gopi Hanumanthappa discussed how the entire aviation sector had been hit because there was no demand for its services. As an extension, allied industries such as business travel, hotels, bookings, and other service-industry operations had also seen losses.

Roughly two months ago, companies were sitting on a backlog of products that had to be supplied to commercial aviation. Now they are looking at a downturn with maybe no demand in the next three

years. While there is an improved trend for regional transportation, it is not the case for larger aircraft. Consumer behaviour modification is the cause for this, even though aerospace is already global and the supply chains are fairly distributed. Businesses now will perhaps learn to manage this risk while hedging security and politics. Though government stimuli are likely to boost liquidity, there is no telling about the demand side of things. The focus now is on "business efficiency and cost. The re-evaluation of what is essential in businesses reflects changing consumer behaviour.

Future rising industries in the short term could see heavy off-road equipment increasing, along with the emphasis on automation, and the need for telecom and hardware space.

**SUPPLY CHAIN NAVIGATION FOR THE FUTURE**

A Dun & Bradstreet report on supply chain effects showed that over 90% of the Fortune 1000 companies have tier 2 suppliers in China. The impact of China's lockdown on manufacturing has highlighted the problem that supply chains with

no flexible supplier bases face. One likely consequence of this pandemic is the further diversification, perhaps even with localisation, of supply chains. Manufacturing hubs such as Vietnam, Mexico, and India could benefit from such a shift.

COVID-19 has revealed the vulnerabilities of complex global supply chains built on lean manufacturing principles. This is true in the healthcare sector too, where there are inherent risks with inventory and single-sourcing models driven exclusively by cost control, which was seen in the case of protective equipment.

From a technical perspective, the pandemic is likely to see digital transformation initiatives for businesses across the globe. Technology-led business models would be more important than ever, which would count in further strategic planning for companies. There is also a need to reduce dependency on physical labour across transportation, logistics, and warehousing, which could be where AI comes in. "It's about how to navigate choppy waters now," Mr. Hanumanthappa said. While there might not be much shrinking of global supply chains, there will be changes in how to leverage technology and processes to get leaner and faster at what businesses do.

# PRIVATE SECTOR RESPONSIBILITIES IN A PANDEMIC

How does one shift the focus from profit-making to ethically sustaining businesses when a pandemic hits?

## SYNERGIA FOUNDATION RESEARCH TEAM

In the webinar, two of the main topics addressed were how supply chains could be made stronger and how corporate responsibility could help navigate a pandemic, this article highlights the thoughts shared on the latter.

Responsible capitalism, where companies seek to act quickly and have a backup plan for a backup plan, now faces its biggest test yet. Today's CEOs are faced with multiple choices and decisions in the face of the pandemic, ranging from how to deal with losses in their business, handling the cash flow, balancing the needs of investors, customers, staff and suppliers - the list goes on. Since no one saw COVID turning into a pandemic, there are no firm solutions as to what is the best way to deal with the scenario. Naturally, it will be impossible to keep everyone happy.

## SHIFTING GEARS

The focus of any company during a pandemic is (or should be) to protect their workforce and ensure continuity of output. This has seen companies change, for the time being, the products they produce, to keep production going along with creating necessary equipment for the pandemic.

Jason Lu, VP of the KORRUN group, a business travel company, did just the same. In the webinar, Mr Lu spoke about how his company contributed their services in making masks to donate to healthcare



“Since [COVID-19] happened so rapidly, we initiated our PPE and medical business units. We said that we have to do more and have to involve people more and utilise our strengths...since we have global facilities not only in China but also in Indonesia and India. We started to donate to governments.

Jason Lu  
Vice President,  
KORRUN group



workers, especially to Indonesia and India. Their factory in Bengaluru, Karnataka, was also given clearance to operate due to this.

KORRUN isn't alone. London-based boutique liquor brand 58 Gin stopped making gin and started making hand sanitizers. Vacuum-maker Dyson took an order of 10,000 ventilators from the UK government. While the drastic change in products did create certain hurdles in sourcing materials, navigating alternatives in the supply chain ensures that this problem doesn't last too long. There are those who hesitate, though. The main concern with using other companies as manufacturers is that there could be large differences in the manufacturing process.

## HOW DO COMPANIES DEAL WITH A PANDEMIC

Pandemic preparedness for one's company can be only as good as the experience, flexibility, knowledge, and wisdom of the coworkers. It would be even better if there was the collective experience of all the companies in the world—if they were willing to share.

Michael T. Osterholm, an American infectious disease epidemiologist and director of the Center for Infectious Disease Research and Policy at the University of Minnesota, states that “We see frightfully little private or public sharing of creative approaches or experiences wrestling with tough preparedness issues. No one has assembled a comprehensive collection of plans from companies—not trade associations, other business groups, nor the federal government.”



Wang Huiyao  
President, Center for China and Globalization

I think we had a very excellent discussion this afternoon. We really appreciate Ambassador Rao and Ambassador Sun. It's very positive, it's very constructive, and it's very forward-looking. And we are backed up by so many distinguished panellists - from how we can fight pandemics together, share experiences, and how we can support each other. The global value chain that we're in, where we are in the same situation and can help each other.

I would just like to say that China and India really have so many similarities and so many ways that we could collaborate closely. Firstly as Ambassador Sun said we have a long civilisation - India is a long civilisation and China has a long civilisation - we really have a long tradition of working together. One of the early Chinese returnees was an Indian of the Tang Dynasty and he brought back Buddhism from India. So we see a lot of cultural heritage as well. We have a lot of similarities in terms of urbanisation, rural development, infrastructure, telecommunication, and now particularly we have to share with each other on public health fighting this coronavirus.

As Wang Feng said, Indian experts are actually really those leaders that are collaborating with India. We have a TATA in China, we have a lot of Indian companies in China. There's a huge potential. In the future, we should have more student exchanges. I understand there are some Indians studying in China, there should also be more Chinese studying in India. We should have more tourism. India is such a nice, big, civilised, traditional country with many historical sites to be seen. China had 150 million outbound tourists before the coronavirus. So we hope more tourists go to India and more Indian tourists come to China. I think there are many ways we can work - we should simplify

visas, have more airline connections - we should have more close collaborations. Being the two most populous countries neighbouring each other, we have every reason to collaborate and work together. As we said at the beginning, if China and India combined, it would be 1/3rd of the world's population.

I don't see any potential conflicts, basically, we're a peace-loving country. There may be some historical misunderstanding, but I think now, with the economy and all the things going on, we have all the reason to work together. If we really think about the two biggest giants in Asia we should really set good examples of collaboration. This webinar is a good example of how China and India's businesses, public, academics, and think tanks can work together and is a good way to exchange. I hope that in the future we can continue the dialogue. We should try to seek common ground and minimise the difference. I think the economic dividend between the two countries will unleash more desire to collaborate for both countries, we need each other.

China has a lot of experience gained from its dense population. That experience can be exchanged and can benefit India, and India's experience can benefit China. I'm glad we had a very good discussion this afternoon. I want to thank Ambassador Rao and Ambassador Sun, and all the distinguished panellists. I want to thank my friend Toby Simon as a counterpart to co-organising this and my staff for putting this together. It's been a great exchange. And so many people have viewed this, and we hope we have more to generate on this. So thank you again for participating in this.

## OTHER SPEAKERS AT THE WEBINAR



Sambratha Shetty  
Chief Operating Officer,  
Synergia Foundation



Gopi Hanumanthappa  
Managing Director,  
Thyssen Krupp



Dr. Kevin KANG  
Chief Economist,  
KPMG  
China



Gina QIAO  
Senior Vice President,  
Chief Strategy Officer  
and Chief Marketing  
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[www.synergiafoundation.org/insights](http://www.synergiafoundation.org/insights)



Editor - Christina George

## SYNERGIA FOUNDATION

Synergia Foundation is an independent and strategic think tank whose purpose is to augment decision-making at a policy level while enriching individual discourse and public dialogue. With fact based insights, the Synergia Foundation provides impactful solutions that challenge the status quo, turning risks in to opportunities.

## SYNERGIA FORUM

The Synergia Forum is a by-invite only session where we invite eminent subject matter experts to discuss the challenges and disruptions that governments, academia and businesses may face today and in the future.

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Synergia Insights is our weekly print and digital publication. Authored by functional and geostrategic experts, we provide unbiased analyses and assessments of both national and international affairs that affect our lives.

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