

**HOW CHINA PERCEIVES INDIA'S RISE
AND VICE VERSA**

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Executive Summary

1. Chinese public perceptions of India are generally benign. Unlike this benign attitude, a larger stream of Indian opinion tends to be cautious about China's rise.
2. Given the size, ambitions and proximity of China and India, it is believed that their simultaneous rise cannot eliminate the conflict of geopolitical interest between the two Asian giants.
3. Although an increased level of economic interdependence might reduce tensions between trading partners, due to historic reasons and cultural differences, divergent perceptions and interests still exist between these two rising powers.
4. India complains about the trade balance being skewed in favor of China and about government subsidies for Chinese exporters. New Delhi is wary of not only the idea of a free trade agreement with Beijing but also Chinese dumping of goods and investments in strategic sectors in India.
5. In South Asia, India is competing with China to woo strategically important nations such as Myanmar, Bangladesh and Sri Lanka that are politically closer to China.
6. New Delhi's "Look East" policy has several objectives: build more ties and create more diplomatic space as India extends its naval power in the Indian Ocean; tap into Southeast Asia's dynamic economic growth, and secure energy supplies.
7. Although China's attitude toward New Delhi's "eastward expansion" has changed from apprehension to somewhat comfortable, its concern still remains. As the growing asymmetry in power with China puts New Delhi at a

disadvantage, broader security arrangements or initiatives become increasingly attractive to India.

8. Although the mutual underlying wariness or even suspicion is unlikely to go away, the two countries' leadership will continue to feel the need to publicly play down the competitive dynamics of their relationship and emphasize cooperation.
9. There is consequently a great need for Sino-Indian interactions at the grassroots level to sustain the mutual understanding and trust. Without a large number of personal and reciprocal social and cultural exchanges, no basis for stronger cooperation can be laid.