

India-China Strategic Relations: A Study

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Abstract

China and India, both Asian giants and emerging world powers, have begun to exercise immense influence in international political and economic affairs. As China's Gross Domestic Product (GDP) is much larger than that of India, it enjoys a correspondingly greater international clout at present. Political and economic relations between India and China are much better now than they have ever been since the 1962 border war between the two countries. Mutual economic dependence is growing rapidly every year, with bilateral trade increasing at a brisk pace. Even though it is skewed in China's favour, bilateral trade has crossed US\$ 70 billion and is expected to touch US\$ 90 billion soon. If India's trade with Hong Kong is included, China is already India's largest trading partner. However, growth in the strategic and security relationship has not kept pace with the political and economic relationship. Despite prolonged negotiations at the political level to resolve the long-standing territorial and boundary dispute between the two countries, there has been little progress on this sensitive issue. China has a clandestine nuclear warheads-ballistic missiles-military hardware technology transfer relationship with Pakistan that causes apprehension in India. Also, in recent years, China appears to have raised the ante by way of its shrill political rhetoric, frequent transgressions across the Line of Actual Control (LAC) and unprecedented cyber-attacks on Indian networks. The security relationship has the potential to act as a spoiler in the larger relationship and will ultimately determine whether the two Asian giants will clash or cooperate for mutual gains. Arguably, while the India-China relationship is relatively stable at the strategic level, China's political, diplomatic and military aggressiveness at the tactical level is acting as a dampener.

Strategic Relationship: Competition or Cooperation?

On April 11, 2005, China and India announced a new "strategic and cooperative partnership" after a summit-level meeting between Prime Ministers Manmohan Singh and Wen Jiabao. International analysts were quick to note that the prospects of a more cooperative relationship between these two growing economies had significant global implications. A meaningful strategic partnership will lead to mutually beneficial synergies between the Chinese and Indian economies. India is rapidly emerging as a leader in software development. Its knowledge-based industries are attracting the interest of major information technology (IT) enterprises from all over the world. China is now a leading base for the manufacture of IT hardware. Synergising India's software capability and China's hardware strength will produce an unbeatable combination. The rapidly growing appetite of

both the countries for energy and their high dependence on oil and gas imports is forcing both to secure oil equity abroad. Chinese and Indian oil and gas companies have often been in competition with each other to invest in overseas fields and have driven up prices by outbidding each other. A strategy based on cooperation rather than competition will help both the countries to secure better terms and will enable them to share their risks. They could follow a consortium or joint venture approach for bidding and invest in sharing infrastructure costs such as building joint pipelines. So far, cooperation in this field has been extremely limited. China's and India's coordinated approach in international negotiations is proving to be mutually beneficial to both. When two countries that represent more than a third of the global population speak in unison, as has been seen in their coordinated approach in the Doha round of the World Trade

Organisation (WTO) negotiations and on environmental issues, particularly in the 2009 World Climate Summit at Copenhagen, the world has no option but to sit up and take note. China and India played a calming role in the 2008-09 global financial meltdown that has now begun to peter out.¹ They are likely to work together towards the long-pending reform of the international financial architecture. As both the countries hold substantial foreign exchange reserves, they will increasingly play a greater role in decision-making in the existing Bretton Woods organisations. Reform of the UN Security Council (UNSC) is yet another area for cooperation. Just as India had played a very positive role in China's membership of the UN and its subsequent inclusion in the UNSC, India expects China to support its aspiration for a seat in an expanded UNSC. This will quite naturally increase Asia's clout in world affairs. However, so far, such explicit support has not been forthcoming. In Asia, China and India should work together for peace and stability and broader regional economic integration to make the 21st century truly Asia's century. Counter-terrorism is another area in which China and India can cooperate for mutual benefit as both countries are victims of pan-Islamist fundamentalist terrorism emanating from across their borders. In this context, the Hand-in-Hand series of joint military exercises, conducted at Kunming in 2007 and at Belgaum in 2008, were steps in the right direction. Both also need to work together to counter the menace of narcotics trafficking from the Golden Crescent on one side and the Golden Triangle on the other.

Areas of Concern

In the Indian perception, there are several major areas of concern that are limiting the growth of the bilateral relationship. The foremost among these is the "all-weather" friendship between China and Pakistan that is, in Chinese President Hu Jintao's words, "higher than the mountains and deeper than the oceans". The Indian government and most Indian analysts are convinced that China has given nuclear warhead designs, fissile material and missile technology as

well as fully assembled, crated M-9 and M-11 missiles to Pakistan, as has been widely reported in the international media. China and Pakistan are also known to have a joint weapons and equipment development programme that includes Al Khalid tanks, F-22 frigates and FC-1/JF-17 fighter aircraft. China's military aid has considerably strengthened Pakistan's war waging potential and enabled it to launch and sustain a proxy war in Jammu and Kashmir (J&K) and in other parts of India. By implication, therefore, it is also China's proxy war. Other contentious issues include China's continuing opposition to India's nuclear weapons programme; its deep inroads into Myanmar and support to its military regime; its covert assistance to the now almost defunct Liberation Tigers of Tamil Eelam (LTTE) in Sri Lanka; its increasing activities in the Bay of Bengal; its attempts to isolate India in the ASEAN Regional Forum (ARF) while keeping India out of the Shanghai Cooperation Organisation (SCO); and, its relentless efforts to increase its influence in Nepal and Bangladesh. China's efforts to develop port facilities in Myanmar (Hangyi), Chittagong (Bangladesh), Sri Lanka (Hambantota), Maldives and Gwadar in Pakistan are seen by many Indian analysts as forming part of a "string of pearls" strategy to contain India and develop the capacity to dominate the northern Indian Ocean region around 2015-20. Though at present the Indian Navy dominates the northern Indian Ocean, a maritime clash is possible in future as the People's Liberation Army (PLA) Navy begins operating in the Indian Ocean – ostensibly to safeguard its sea lanes and protect its merchant ship traffic. Hence, China's moves are seen by Indian analysts to be part of a carefully orchestrated plan aimed at the strategic encirclement of India in the long-term to counter-balance India's growing power and influence in Asia, even as China engages India on the political and economic fronts in the short-term. As both China and India are nuclear-armed states, it is in the interest of both to ensure that strategic stability is maintained and that the risk of accidental or unauthorised nuclear exchanges is

minimised.² This would be possible only if negotiators from both the sides sit down together and discuss nuclear confidence building measures (CBMs) and nuclear risk reduction measures (NRRMs). However, China's insistence that it cannot discuss nuclear CBMs and NRRMs with India as India is not a nuclear weapons state recognised by the nuclear Non-Proliferation Treaty (NPT) is proving to be a stumbling block. China's official position is that India should cap, roll back and eliminate its nuclear weapons in terms of UNSC Resolution No 1172. That is unlikely to happen. India has been recognised as a responsible state with advanced nuclear technology and has been given a backdoor entry into the NPT through the Nuclear Suppliers Group (NSG) waiver and the International Atomic Energy Agency (IAEA) safeguards agreement. India has also signed civil nuclear cooperation agreements with France, Russia and the United States (US). It would be in the interest of both the countries to discuss nuclear CBMs and NRRMs so as to enhance strategic stability in Southern Asia. It is also in China's interest to enter into a nuclear trade agreement with India as India is rapidly emerging as a large market for nuclear fuel and nuclear technology. India realises that its growing external relations with its new strategic partners are causing some concern in China. China has viewed with some suspicion India's willingness to join Australia, Japan and the US in a "quadrilateral" engagement to promote shared common interests in Southeast Asia. China also wishes to reduce what it perceives as the steadily increasing influence of the US over New Delhi. China knows that the US is several years ahead of Beijing in recognising India's potential as a military and economic power and has greatly increased its cooperation with India in both spheres. China fears that the growing US-India strategic partnership is actually a loose alliance and that the two countries are ganging up against China. China should study India's track record. It should be clear that India is unlikely to ever form a military alliance with the US – unlike Pakistan, which is a Major Non-NATO Ally (MNNA) of the

US and is also China's "all weather" friend. India has always pursued an independent foreign policy and cherishes its strategic autonomy. It will be recalled that India steadfastly supported the Non-Aligned Movement (NAM) for several decades during the Cold War and has never entered into a military alliance with any country. The US is an Asian country in strategic terms and it is necessary for India to maintain good relations with it. It is also India's largest trading partner and has a large Indian Diaspora. There are major convergences of interests between India and the US. Hence, India's newfound strategic relationship with the US need not come in the way of India-China relations, which have their own strategic significance for India. In an article entitled "Warning to the Indian Government" (posted on the website of the China Institute of International Strategic Studies on March 26, 2008), Zhan Lue, a Communist Party member, warned India not to "walk today along the old road of resisting China" as the PLA is now well-entrenched in Tibet and will not repeat its mistake of withdrawing after a border war as it did in 1962.³ He extolled the virtues of the PLA's newly developed capabilities and went on to advise India "not to requite kindness with ingratitude." This surprisingly sharp attack in a scholarly journal did not appear to be an isolated piece of writing. Another Chinese scholar advised his government to engage India's neighbours to break India into 26 parts. In the wake of the Tibetan unrest in India and across the world earlier during 2008, anti-India rhetoric in the Chinese media had been ratcheted up several notches. Analysts in India believe that such scurrilous writings could not have been published without the express sanction of the Chinese authorities as almost all Chinese media are state controlled. This type of rhetoric sets back efforts at reconciliation and mutual understanding. China is concerned about the situation that might develop when the Dalai Lama passes away. Despite all the raving and ranting against him, the Chinese government is acutely conscious of the fact that the present Dalai Lama's is a voice of

moderation and accommodation. They know that there will be a major uprising in Tibet when he passes away as the Tibetan youth will no longer feel constrained to respect his cherished desire for peace and harmony and are likely to resort to violent attacks against the Han Chinese people and officials and state property. Despite India's remarkable restraint over 50 years, the Chinese are not sure of how India will react to a post-Dalai Lama rebellion in Tibet. In fact, the Chinese harbour a fair deal of ill will against India for providing the Dalai Lama with a sanctuary – even though India has forbidden him from any anti-China political activities from Indian soil and the Dalai Lama has honoured the restraints imposed on him by his hosts. A senior Chinese interlocutor told that this analyst at a bilateral think-tanks' dialogue at Bangkok in October 2009 that relations between China and India would flourish very well if India was to hand over the Dalai Lama to China even at this belated stage. From this, the depth of Chinese resentment at India's harbouring of the Dalai Lama can be gauged. Since such a course of action would be completely out of character with India's civilisational and spiritual values, handing over the Dalai Lama is simply out of the question. China would, therefore, do well to put this issue aside and move forward in its relationship with India.⁴

The reality of the India-China strategic dialogue

In assessing the restructured strategic dialogue between India and China, which concluded on Wednesday, the key question is: What does a strategic relationship between the two countries look like? What are its driving factors and core objectives? On paper, India and China have had a strategic partnership—specifically, a strategic and cooperative partnership for peace and prosperity—since 2005. But scratch the surface of that agreement's rhetoric and diplomatic language and this much becomes apparent: There are, as of now, no true areas of strategic convergence.

The bilateral focus has largely been on the settlement of the boundary question, followed by

the strengthening of economic and trade ties. This was carried through into the 2013 vision for the future development of the India-China strategic and cooperative partnership, signed during Premier Li Keqiang's India trip. It was only somewhat expanded in 2015 during Prime Minister Narendra Modi's visit to China. Notably, the joint statement issued in the latter case outlines how and where the two countries seek to coordinate their positions and work together to shape the “regional and global agenda and outcomes”.

Besides, foreign secretary S. Jaishankar, who led the strategic dialogue from India, has chosen to frame the consultation within the global actors paradigm. He said, “The international situation is in flux...one thing that we could do together was a more stable, substantive, forward-looking India-China relationship which would inject a greater amount of predictability into the international system”. But this vision is more aspirational than tangible—the possibility of a US that draws down its role in the Asia-Pacific region under Donald Trump notwithstanding.⁵

Instead, there are several areas of strategic competition (the Indo-Pacific region) as well as some of outright hostility (particularly with regard to the border issue). And Afghanistan is increasingly proving to be a fault line. Last week, Russia hosted a conference on Afghanistan's future that had India, Iran, Pakistan, China and Afghanistan as attendees. But this came after a similar conference in December last year that had only China, Pakistan and Russia. Neither Kabul nor New Delhi were pleased—and even less so when the conference's outcome was a statement explicitly endorsing the Taliban as a bulwark against the spread of the Islamic State's Afghan branch. This runs counter to Kabul and New Delhi's stance; they have repeatedly warned about the dangers of the “Good Taliban, Bad Taliban” approach.

That said, the evolution of Beijing's stance on terrorism in and emanating from Pakistan—obviously, an area of prime concern to India—is interesting. There are two factors shaping

Beijing's outlook here. The first is that it is investing around \$50 billion to build the China-Pakistan Economic Corridor (Cpec), starting in Xinjiang province and winding its way south through Pakistan to terminate in Gwadar port on the Arabian Sea coast. The security of Chinese investments and personnel in Pakistan is of utmost importance to Beijing—and it is of immense strategic value, giving it an alternative to the vulnerable Strait of Malacca for energy and trade shipping. Secondly, Cpec is an integral part of Beijing's "One Belt, One Road" vision—important for the economic integration of the restive Xinjiang province. And some of the terror groups in Pakistan have links with separatist outfits in Xinjiang.⁶

China's reaction to the 2007 Lal Masjid siege showed that when its interests are threatened, it has no compunctions about publicly exerting pressure on Pakistan. Little wonder that it is again believed to be pressuring the Pakistani establishment to crack down on terror groups, if behind the scenes this time. Reportedly, Pakistan's new spy chief visited China soon after he took office so as to allay Beijing's concerns. Weeks later, the Chinese state commissioner for counter-terrorism visited Pakistan to review the security of the Cpec project. Incidentally, the latter visit came days after Pakistan placed Hafiz Saeed under house arrest—supposedly under American and Chinese pressure.⁷

Still, the question from New Delhi's perspective is whether such a crackdown would extend to anti-India groups such as the Lashkar-e-Taiba and Jaish-e-Mohammed. The answer is in the negative. As of now, China has no strategic rationale to push for a crackdown on these groups. It could, hypothetically, find itself compelled to pressure Pakistan here too if these groups create trouble on a scale that threatens regional stability—something on the 26/11 scale, for instance. This would, again, threaten its economic interests. But this is hypothetical at best—thin gruel indeed.⁸

In *Dragon On Our Doorstep: Managing China Through Military Power*, Pravin Sawhney and Ghazala Wahab lay out in depressing detail the many failures of India's strategic vision, political leadership and diplomacy that have allowed China to dictate the terms of its engagement with India on the border dispute and in the region at large. It is a history worth keeping in mind during future engagement with China. The realities of the rivalry will make the prospect of strategic convergence a chimera for the foreseeable future—at least until India is on more even footing.⁹

Conclusion

Finally, as two large countries with a shared border and a long history of peaceful coexistence, the Governments of China and India have a responsibility to discharge towards their own people and the people of Asia: both can and must work together in the interest of peace, stability and the future prosperity of Asia. Healthy competition for markets can have positive spin-offs as long as it is conducted in a spirit of cooperative security. China must not hold resolution of the territorial dispute hostage to its successful integration of Tibet with the national mainstream. Once the long-standing territorial dispute is resolved, there is no reason why the dragon and the elephant cannot dance together.

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