



GS FOUNDATION BATCH FOR CSE 2024

International Relations- 10

(India-China Relations)

India – China Relations

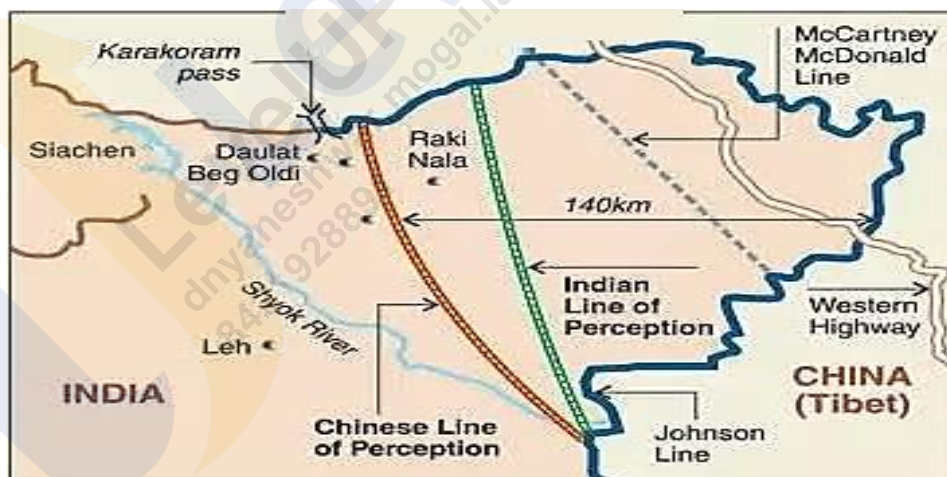
Though India and China have had historical linkages, the modern relationship began in 1950 when India was among the first countries to end formal ties with the Republic of China (Taiwan) and recognise the People's Republic of China as the legitimate government of Mainland China.

In October 1954, China and India signed an agreement regarding Tibet, whereby India recognised Tibet as part of China with China accepting the continuance of the previous trade arrangements. **Five principles of Panchsheel** were enunciated in this agreement.

1. Mutual respect for each other's territorial integrity and sovereignty,
2. Mutual non-aggression,
3. Mutual non-interference,
4. Equality and mutual benefit, and
5. Peaceful co-existence.

However, China had not recognised Indian territory in the north-east included the Assam Himalayan region up to the McMahon Line as a legal boundary. In the western sector, Indian territory inherited from the British Raj included the Aksai Chin plateau, which Chinese maps started showing as Chinese territory in the 1940s.

In March 1959, **the Dalai Lama**, spiritual and temporal head of Tibet, sought sanctuary in Dharmasala, Himachal Pradesh where he established the Tibetan government-in-exile. Thousands of Tibetan refugees settled in northwestern India. The PRC accused India of expansionism and imperialism in Tibet and throughout the Himalayan region.



The differences further deepened over the boundary issue in the Western sector where China called for **McCarthy-McDonald line** while India stuck with **Johnson line**. Once Chinese premier **Zhou Enlai** even proposed a swap between Aksai Chin and NEFA, where China would cede claim over NEFA provided India cedes its control over Aksai Chin. However, India didn't agree to this swap. To resolve any doubts about the Indian position, Prime Minister

Jawaharlal Nehru declared in parliament that India regarded the McMahon Line as its official border.

In 1956-57, China constructed road through Aksai Chin connecting Xinjiang and Tibet. China further increased patrol in the region. This led to India ordering “**Forward Policy**,” setting up outposts behind Chinese troops to cut-off their supply lines and force them to return to China. In response, China went for “**Armed Coexistence**” policy, fortifying its positions and increasing deployment.

It ultimately resulted in war with China along both eastern and western sectors. China launched attack on 20th October 1962 in both sectors. Despite military conflict, neither side declared war and diplomatic engagements continued. The conflict ended with a humiliating loss to India and China unilaterally declaring ceasefire on 20 November 1962, and simultaneously announced its withdrawal to its pre-war position, presently known as the Line of Actual Control.

In 1986-87, a military stand-off took place in the **Sumdorong Chu Valley** bordering the Tawang district of Arunachal Pradesh. It began with China moving its troops to Wangdung, a pasture to the south of Sumdorong Chu. Both the sides moved a large number of troops to the region with deployments and counter-deployments. The crisis was diffused after visit of Indian Foreign Minister N D Tiwari to Beijing in May 1987, enroute to North Korea. But the eyeball-to-eyeball confrontation between Indian and Chinese troops ended only in August 1995.

A warming trend in relations was facilitated by Rajiv Gandhi's visit to China in December 1988. During the visit, both sides agreed to reduce tensions on the border and setup a Joint Working Group (JWG) to resolve boundary dispute. The two sides issued a joint communiqué that stressed the need to restore friendly relations based on the Panchsheel.

The relations again hit a low point with India's testing of nuclear weapons and Defence Minister George Fernandes declared China as “**threat number one**,” hinting the weapons aimed to defend against China. In 1998, China was one of the strongest international critics of India's nuclear tests and entry into the nuclear club. During the 1999 Kargil War, China voiced support for Pakistan, but also counselled Pakistan to withdraw its forces.

Though the relations strengthened since the dawn of 21st century with bilateral trade surpassing \$10 billion in 2004, but occasional issues like denial of visa for Arunachal Pradesh citizens and stapled visas for those from Jammu and Kashmir kept emerging.

In 2003, China officially recognised Indian sovereignty over Sikkim as the two countries moved towards resolving their border disputes.

In 2006, China and India re-opened the Nathula pass for trading. Nathula had been closed for 44 years prior to 2006. The re-opening of border trade helped in easing the economic isolation of the region.

2013- Depsang Standoff, 2017- Doklam Crisis, 2020 Galwan Clashes have resulted in severe deterioration in bilateral relations. India has also pushed back against Belt and Road Initiative since it ignores India's concerns about its territorial integrity. India has also imposed restrictions on Chinese apps, prior security clearances for Chinese businessmen, academics, industry experts, and advocacy groups; reducing import dependence on China while deepening its cooperation with USA.

Key agreements with China

1. The **Border Peace and Tranquillity Agreement** signed by China and India in September 1993, agreeing to maintain the status quo on their mutual border pending an eventual boundary settlement.
2. The **Agreement on Military Confidence Building Measures**, 1996, pursuant to the 1993 agreement, incrementally details the military confidence building measures to be implemented that would ensure no-war.
3. The Protocol for the Implementation of **Military Confidence Building Measures**, 2005 further discussed modalities to implement the confidence building measures.
4. **Border Defence Cooperation Agreement (BDCA)** in 2013 covers border stability and security, information asymmetry, smuggling, socio-economic reconstruction, environment and disease transmission along the line of actual control.

At the launch of Asia Society policy Institute, Dr Jaishankar said that the state of the border will determine the state of the India China relationship. He said that for ties to return to a positive trajectory and remain sustainable, they must be based on the three mutuals – mutual sensitivity, mutual respect, and mutual interest.

Significance of China:

1. **India's largest neighbour with longest unresolved borders:** Both share 3488 km of border with dispute in both western and Eastern sectors.
2. **Among India's largest trade partners:** Currently, China is second largest trade partner of India with bilateral trade amounting to more than \$135.98 billion.
3. **Increasing Chinese footprints in South Asia:** Chinese has projects in all of Indian neighbours except Bhutan, giving it significant leverage in South Asia and the Indian Ocean region.
4. Adversarial neighbour with history of conflict: Occasional conflicts in 1962, 1967, 1986-87, 2020.
5. Most important ally and supporter of Pakistan, helping it at various fora including UNSC.
6. No limits relationship with Russia

7. Major trade partner of more than 120 countries.
8. Most of supply chains are China-linked
9. Permanent members of UNSC
10. Second largest economy and third strongest military
11. Revisionist Power
12. Misadventurism in Indo-Pacific with island building and militarisation of South China Sea

Border Disputes between India and China



Packaged Solution:

The dispute is in two sectors; Western Sector and Eastern Sector, with Central sector largely remaining peaceful. In the Western sector, While India argues **Johnson line** as the boundary, China terms **McCarthy-McDonald line** as the boundary. In the eastern sector, India terms **McMahon Line and the Himalayan ridges** as the geographical boundary of the subcontinent, China calls for historical and cultural relations of Tibet and Tawang.

China made the so-called "package" offer in 1960 and in 1980–85. As explained by former foreign secretary Shyam Saran, China "would be prepared to accept an alignment in the Eastern Sector, in general conforming to the McMahon Line, but India would have to concede Aksai Chin to China in the Western Sector.

In 1985 China made modifications to the package— "the Indian side would have to make significant and meaningful concessions in the Eastern Sector... for which China would make corresponding but undefined concessions in the Western Sector". Additionally, Tawang was brought up "as indispensable to any boundary settlement". These changes in the package proposal by China remained till at least 2015.

Tawang: Tawang is the Western most district of Arunachal Pradesh. It is 16 km south of the Line of Actual Control and an important centre of Tibetan Buddhism.

Importance of Tawang Plateau:

- Tawang is the birthplace of sixth Dalai Lama Tsangyang Gyatso, who was reincarnation of the **fifth Dalai Lama Ngawang Lobsang Gyatso** or Great Fifth, **the first Dalai Lama to become the spiritual and temporal head of Tibet**. Since Tawang is the birthplace of sixth Dalai Lama, this gives India permanent locus standi in the hallowed Dalai Lama institution.
- **Tibet factor:** The Upper Siang district in Tawang has a visible and strong Tibetan presence and China is threatened by a clandestine Pan-Tibetan Movement from across the Indo-China border. The fears of this movement are vindicated by the presence of Dalai Lama and the Tibetan Government in Exile in Dharamsala, Himachal Pradesh.
- The Tawang monastery is the largest Tibetan Buddhist monastery in the world after the Potala Palace.
- **Strategic Importance:** By geographical contiguity, Arunachal Pradesh provides security to the Kingdom of Bhutan in its entire eastern flank. If Tawang is absorbed by China, then Bhutan would be surrounded by China on both its flank which would be unfavourable for India's security. China can coerce Bhutan as per its needs.
- Tawang is critical as the **strategic Bum La Pass**, through which PLA troops invaded the Northeast in 1962, lies north of Tawang town.
- Arunachal Pradesh is the shortest route to China. if any future conflict with China arises, swift deployments can be ensured through Arunachala Pradesh, which is highly disadvantageous for China.
- If China plans any air operations, then Arunachal Pradesh would provide India with multi-layered air-defence deployments on the ground as deterrence which would be detrimental for China.



- Another area of core importance is that if China manages to encroach upon Tawang; it would also give China easy access to the Siliguri Corridor or the Chicken's neck of India.

Factors behind ongoing border dispute:

1. India's infrastructure build-up in the region like all weather roads, Advanced Landing Ground to Daulat Beg Oldie etc.
2. To divert attention from internal discontent due to Covid-19.
3. Response to India's involvement in Doklam incident.
4. Response against increasing India's proximity to the USA and west.
5. Send a message to India and the region
6. Change in the status of Ladakh



Economic Relations:

Starting with a modest \$ 1.83 billion in 2001, India's total trade with China increased to \$125.7 billion in the 2021. In 2022, bilateral trade was more than \$135.98 billion with a deficit of over \$100 billion. Chinese exports to India were at \$118.5 billion and imports from India at \$17.48 billion.

Officially, China's FDI in India stands at over \$2.34 billion. A report titled “**Chinese Investments in India**” by Gateway House estimates that the total value of Chinese investments in Indian startups between 2015 to 2020 is approximately US \$4 billion. In fact, as of March 2020, 18 out of 30 Indian unicorns are heavily backed by Chinese investments. But since April 2020, less than a quarter of 435 FDI applications have been approved.

In April 2020, India tweaked its FDI policy making its mandatory for entities from countries sharing borders with India can invest only under the “Government route”. As per experts, this was indirectly aimed at China, to curb opportunistic takeovers/acquisitions of Indian companies due to Covid-19 pandemic.

Challenges in economic domain:

1. **High trade deficit:** Crossed \$100 billion in FY23.
2. Barriers for Indian companies in entering Chinese markets
3. **Nature of relationship-** India as supplier of raw materials and China as exporter of finished goods.
4. Fear of data security and Chinese spying
5. Concerns about weaponisation of trade
6. Absence of reciprocity from China

7. Substandard products and loss to Indian manufacturers
8. China's aggressive posturing at the borders

Recent Initiatives:

1. **Atmanirbhar Bharat** to reduce import dependence and boost exports by giving a push for domestic manufacturing.
2. **Supply Chain Resilience Initiative** to diversify and de-risk supply chains.
3. **Banning of Chinese apps:** More than 200 apps have been banned on the ground of posing threat to privacy and security of India.
4. In April 2020, prior government approval needed for investment from countries that share land border with India.
5. After June 15, telecom companies can only buy certain types of equipment from government-approved "trusted sources".
6. **Production-linked incentive (PLI)** scheme- in bulk drugs, mobile manufacturing etc.
7. From November 1, 2023, it will restrict the import of laptops, computers, and their components without a license. However, the government has allowed restriction-free imports but launched a new system of "authorisation" aimed at monitoring shipments of such hardware without hurting market supply.

Security cooperation:

- An agreement on security cooperation between the ministry of home affairs of India and the ministry of public security of China to strengthen and consolidate discussions and cooperation in the areas of counter-terrorism, organized crimes, drug control and other such relevant areas.
- **Hand in Hand exercise-** India-China joint military exercise to enhance interoperability between the two armies to counter-terrorism.

Challenges in Security Domain:

- Border dispute between two nations and China's salami slicing technique.
- China preventing designations of terrorists at the UNSC under 1267 sanctions committee. In June 2023, China blocked Indian proposal to designate Pakistan-based Lashkar-e-Taiba terrorist Sajid Mir as a global terrorist for his involvement in the 26/11 Mumbai terror attacks.
- China's support to Pakistan and challenges of a two-front war.
- Concerns about China's support to the insurgents in the North-east. Centre informed UAPA tribunal that Paresh Barua led ULFA (I) is based in Yunnan province in China.

Steps Taken

1. Mirror deployments along Ladakh border.
2. Rapid infrastructure upgradation along Norther border along with acquisition of key Platforms like fighter jets, UAVs etc, for surveillance.

3. Indian Army has carried a major reorientation towards the LAC, under which several formations facing the western front were re-tasked to the LAC, in the backdrop of heightened Chinese activity across the LAC.

Avenues of Cooperation:

1. Membership of multiple platforms like BRICS, SCO etc.
2. Common position on WTO reforms
3. Common position Climate change negotiations
4. A more fair and just global governance through World Bank and IMF reforms.
5. Tackling terrorism which presents threat to both India and China.
6. **Energy security**- Scope for R&D in the field of green energy.
7. Achieving sustainable development goals.

Areas of divergence:

1. Border disputes
2. Trade imbalance- India has continuously complained about lack of access to Chinese markets.
3. River water cooperation over Brahmaputra Rive and China's dam building.
4. **Future of Dalai Lama**: China calls current as a "**wolf in Ship's clothing**" and a separatist. Beijing has said that Dalai Lama's successor needs its approval.
5. **South China sea**: While India has called for rule-based order, China has gone for aggressive island building and their militarisation in the South China Sea.
6. Differences over Indo-pacific and QUAD: China has rejected these as cold-war mentality.
7. **Vision about order in Asia and global order**: China wants a unipolar Asia and China-led global order.
8. Differing positions on **Belt and road initiative**: India has opposed BRI over compromising India's territorial integrity.
9. China's support to Pakistan Vs. deepening of India-USA partnership
10. China's **deb trap diplomacy** particularly in India's neighbourhood
11. China has been opposed to India's membership to various platforms like UNSC and NSG.
12. China has put hold multiple times on listing proposals to designate Pakistan-based terrorists under the 1267 Al Qaeda Sanctions Committee regime.

Belt and Road Initiative

China's Belt and Road Initiative is a global infrastructure development strategy adopted by the Chinese government in 2013 to invest in nearly 70 countries and international organizations. It is a strategy initiated by the People's Republic of China that seeks to connect Asia with Africa and Europe via land and maritime networks with the aim of improving regional integration, increasing trade and stimulating economic growth.



By the end of 2016, more than 100 countries had expressed their support for and willingness to participate in the building of the BRI project, and 39 countries and international organizations have signed 46 agreements with China for this.

Till date, 147 countries—accounting for two-thirds of the world's population and 40 percent of global GDP have indicated their interest in the project. In total, China has already spent an estimated \$200 billion on such efforts. Morgan Stanley has predicted China's overall expenses over the life of the BRI could reach \$1.2–1.3 trillion by 2027, though estimates on total investments vary.

Significance:

1. The Asian Development Bank estimated that the region faces a yearly infrastructure financing shortfall of nearly \$800 billion.
2. Bridge the financial gap and supplement institutions like World Bank and Asian development Bank.
3. Create new growth poles and spur investment.
4. Support rapid development of developing nations and least developed countries.
5. Help in swifter global recovery and create demand.
6. Can help in reducing western dominance on global finance.

Challenges:

1. Lack of transparency
2. Little concern for environment and labour norms.
3. Lacks involvement of civil society, local groups etc. in decision making in recipient nations.
4. Has led to unsustainable debt burden for on developing nations like Sri Lanka, Kenya etc.
5. Seen as vehicle for China's geopolitical dominance
6. Alternative initiatives by other nations like USA, EU, Japan etc.
7. **Italy**, the only major nation to sign up for BRI has declared its exit. Italy's Defence Minister Guido Crosetto said that the decision to join the BRI was an improvised and atrocious act that multiplied China's exports to Italy but did not have the same effect on Italian exports to China.

India's criticism:

1. Violates India's sovereignty and territorial integrity
2. Lacks transparency and accountability
3. May lead to unsustainable debt for communities
4. balanced ecological and environmental protection and preservation standards



Global Response to BRI:

USA: Blue Dot Network and BUILD Act

Blue Dot Network: The Blue Dot Network aims to promote quality infrastructure investment that is open and inclusive, transparent, economically viable, Paris Agreement aligned, financially, environmentally and socially sustainable, and compliant with international standards, laws and regulations. To accomplish this, the Blue Dot Network will certify infrastructure projects against robust criteria and standards.

The United States, Australia, and Japan are working with the OECD to develop a methodology and metrics for certification of infrastructure projects based on these principles.

Build Act: The Better Utilization of Investments Leading to Development Act (BUILD Act) Aims at facilitating the participation of private sector capital and skills in the economic development of countries with low or lower middle-income economies. It creates US International Development Finance Corporation (USIDFC) whose role is to facilitate sustainable, broad based economic growth, poverty reduction, and development.

Japan: Asia-Africa Growth Corridor - The Asia-Africa Growth Corridor or AAGC is an economic cooperation agreement between the governments of India, Japan, and multiple African countries. It is a collaborative effort to promote development, connectivity and cooperation between Asia and Africa as part of a 'liberal and value-based order'.

European Union: Global Gateway Plan- Announced by European Commission to mobilise EURO 300 billion by 2027 in public and private infrastructure investment around the world.