



DOKLAM ISSUE



1-2 months

1

Bhutan

Yndia

NEPAL

CHINA

BHUTAN

Arunachal Pradesh

Standoff

Seven Sisters

Chicken's Neck

Assam

Nagaland

Meghalaya

Manipur

INDIA

BANGLADESH

Tripura

MYANMAR

Mizoram

Doklam Standoff 2017

Doklam standoff refers to the military border standoff between the Indian armed forces and the People's Liberation Army of China over Chinese construction of a road in Doklam.

On 16 June 2017 Chinese troops with construction vehicles and road-building equipment began extending an existing road southward in Doklam, a territory which is claimed by both China as well as India's ally Bhutan.

On 18 June 2017, around 270 Indian troops, with weapons and two bulldozers, entered Doklam to stop the Chinese troops from constructing the road.

On 29 June 2017, Bhutan protested to China against the construction of a road in the disputed territory

On 28 August, both India and China announced that they had withdrawn all their troops from the face-off site in Doklam.

Wuhan Summit 2018 (Informal)

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10 **BIG** **TAKEAWAYS**

- 1 High-level economic partnership & trade dialogue to be held
- 2 Talks to be headed by Finance Minister Nirmala Sitharaman and Chinese Vice Premier Hu Chunhua
- 3 Talks to enhance trade & cultural relations
- 4 Exploring possibility of setting up manufacturing hubs
- 5 China looking for Indian investment in pharma and IT sectors

The two leaders discussed several measures to boost trade and bilateral relationship during their informal summit at Mahabs

- 6 Tamil Nadu and Fujian to be sister States
- 7 Academy proposed to study links between Fujian and Mamallapuram
- 8 2020 to be year of Year of India-China Cultural and People to People Exchanges
- 9 Together, the nations will host 70 activities
- 10 Agreement to strengthen rules-based multilateral trading system



2nd INDIA - CHINA INFORMAL SUMMIT CHENNAI, OCTOBER 11th-12th, 2019



First India- China informal summit invoked the "**Wuhan spirit**" whereas the second informal India-China summit has called for "**Chennai Connect**".

A High-Level Economic and Trade Dialogue mechanism to be established to enhance trade and commercial relations.

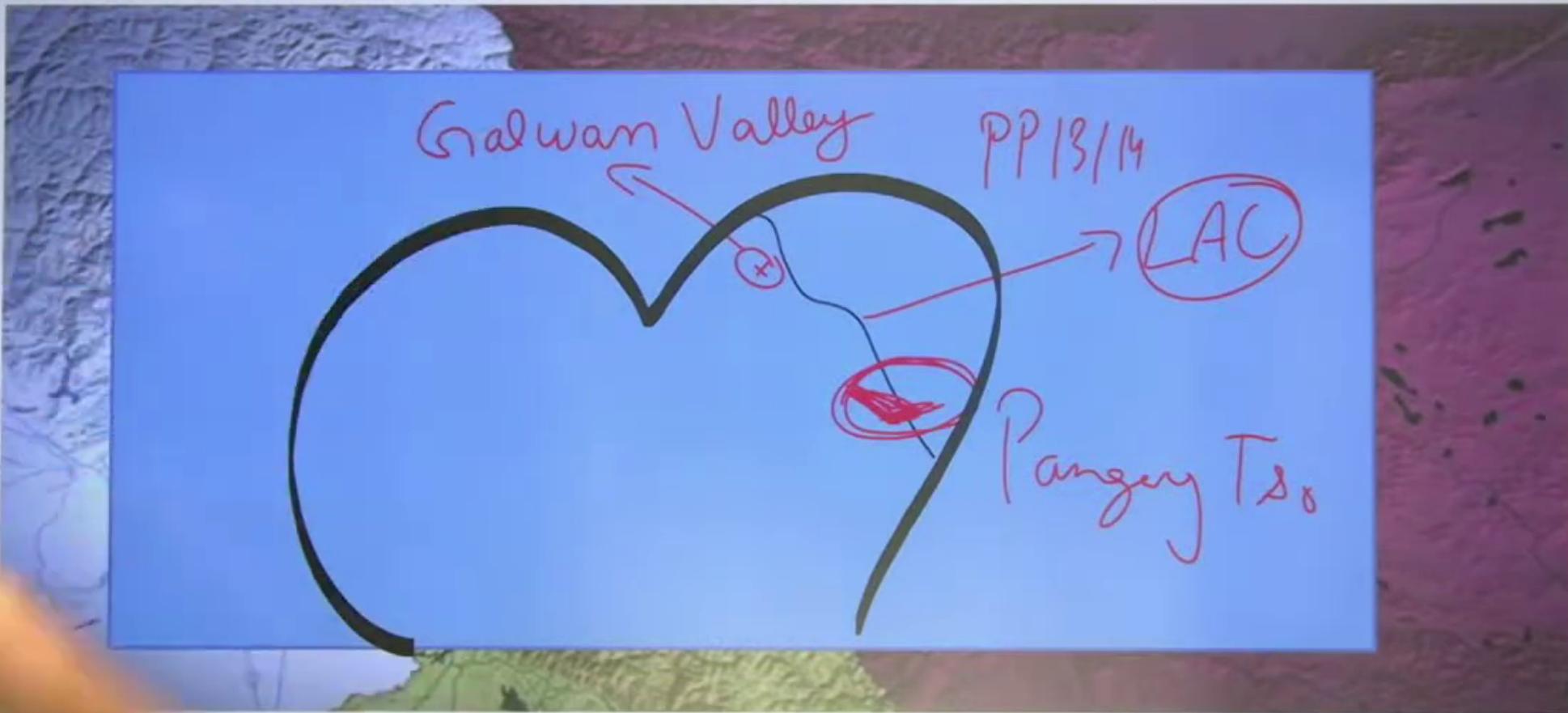
Boundary issues to be solved on the lines of a mutually-agreed framework based on **Political Parameters and Guiding Principles**.

Considering the **age-old commercial as well as maritime linkages**, both the countries agreed to establish **Sister-State Relations between Tamil Nadu and Fujian Province**.

Recent Stand off at Galwan valley

1962/61

20

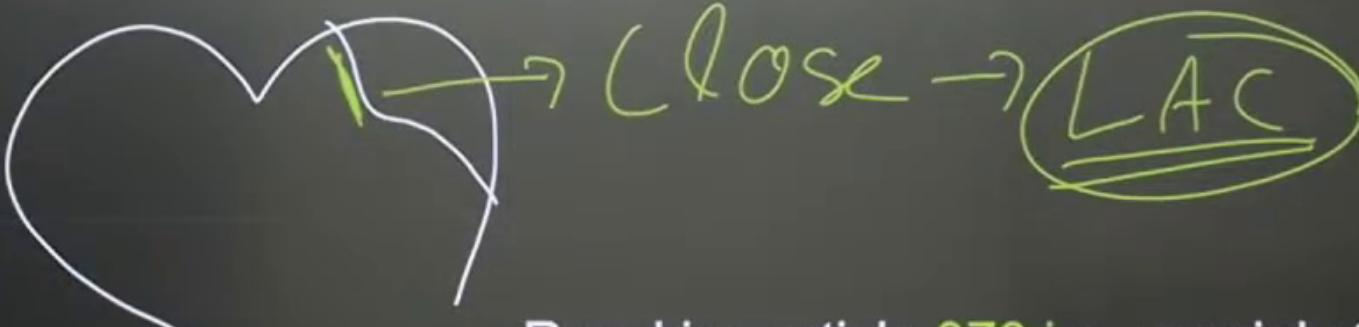


- The Indian and Chinese armies are engaged in the standoff in Pangong Tso, Galwan Valley, Demchok and Daulat Beg Oldie in eastern Ladakh.
- A sizable number of Chinese Army personnel even transgressed into the Indian side of the de-facto border in several areas including Pangong Tso.
- The actions on the northern bank of Pangong Tso are not just for territorial gains on land, but enhanced domination of the resource-rich lake.
- The stand-off at Ladakh's Galwan Valley has escalated in recent weeks due to the infrastructure projects that India has undertaken in the recent years.
- In 1962, a stand-off in the Galwan area was one of the biggest flashpoints of the 1962 war.
- The border, or Line of Actual Control, is not demarcated, and China and India have differing ideas of where it should be located, leading to regular border "transgressions." Often these don't escalate tensions; a serious border standoff like the current one is less frequent, though this is the fourth since 2013.

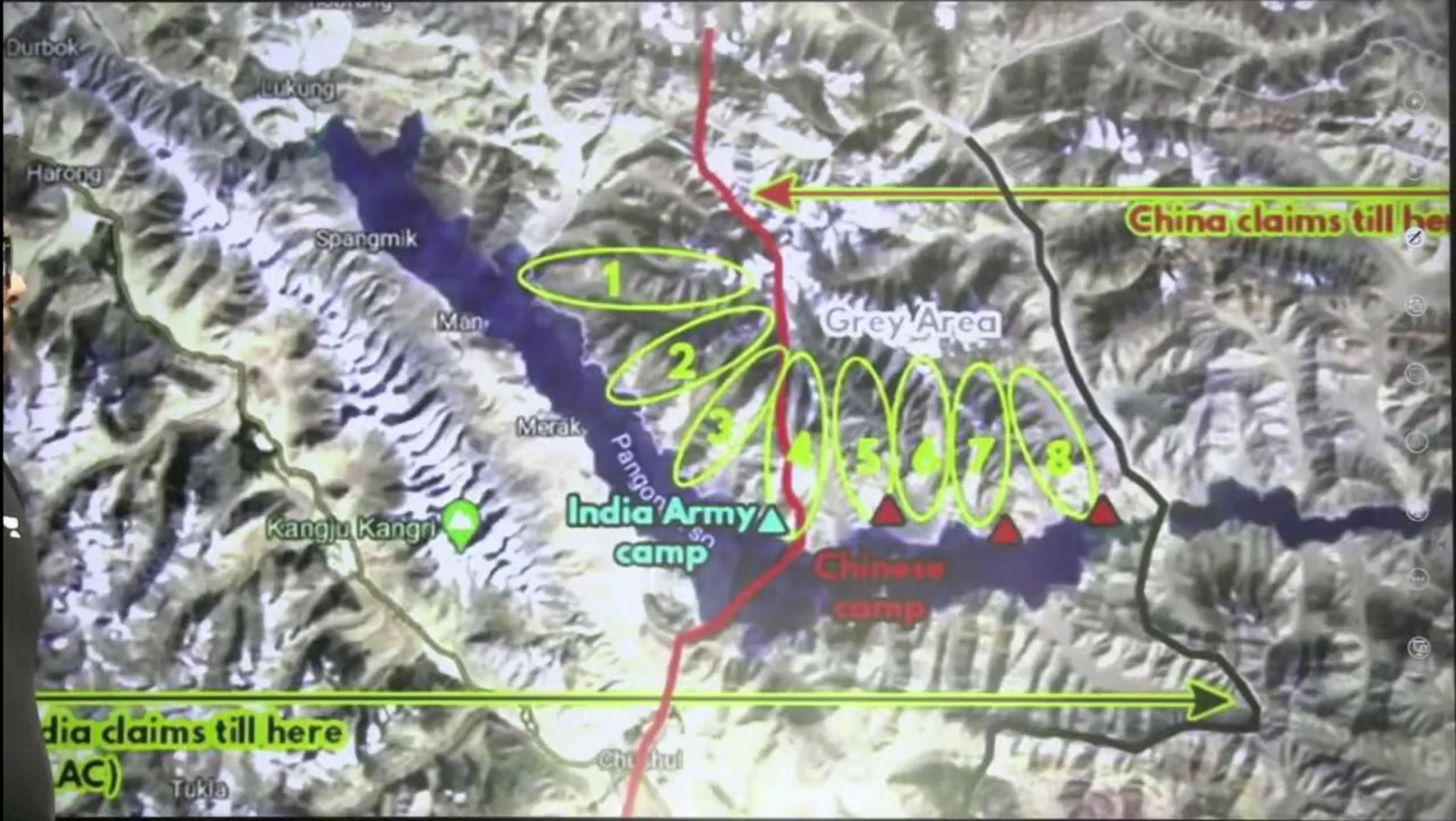


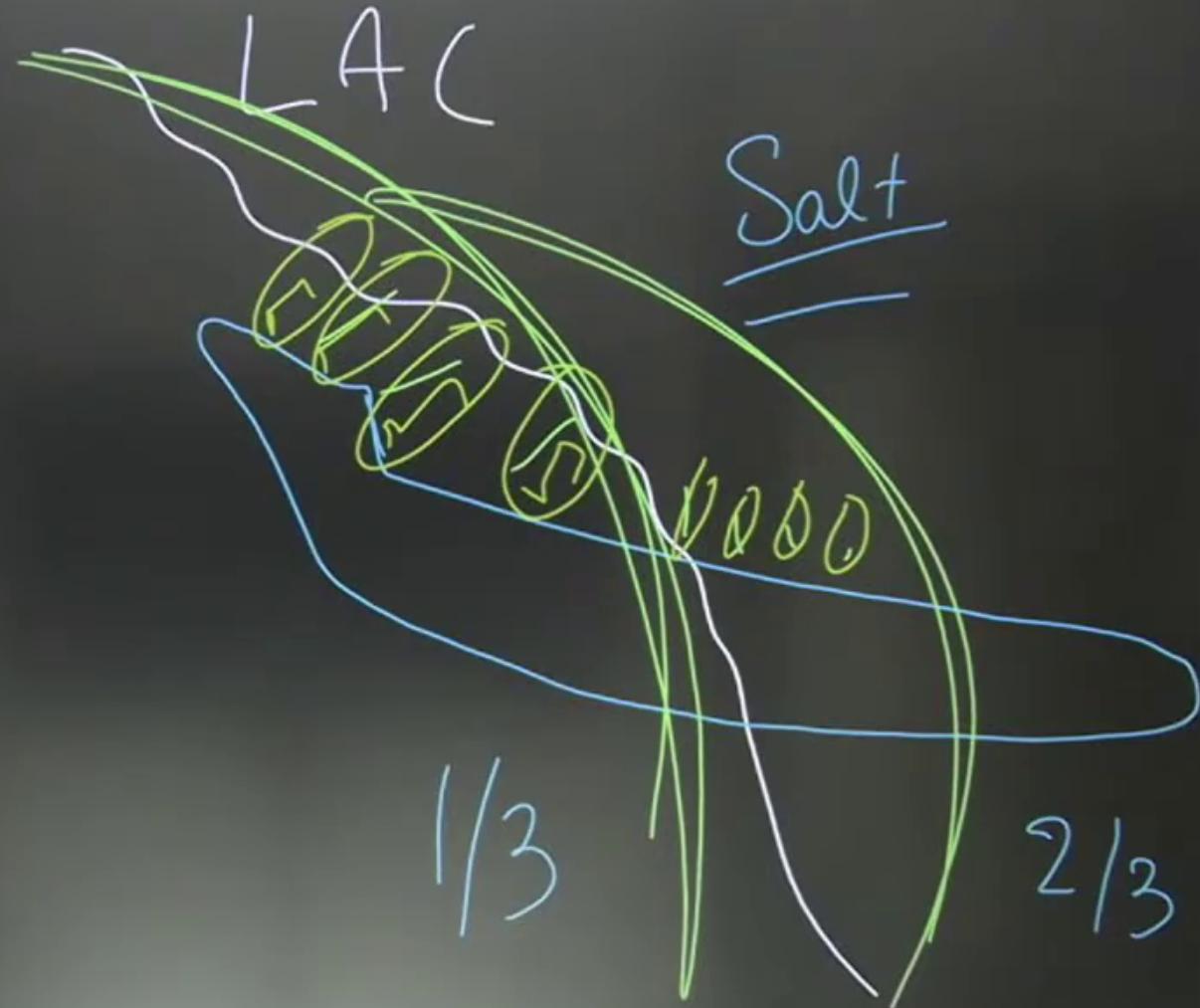
**PANGONG LAKE (FINGER
DISPUTE)**

Why now ?



- Revoking article 370 i.e. special status to J&K
- Construction of new Daulat beg oldi road which is close to LAC
- Sign of aggression against emerging healthy ties with US & west.
- Biggest escalation after 1967, no bullet fired since then.





Border Dispute Settlement Agreements

The Agreement on the Maintenance of Peace and Tranquility:

- It was signed in 1993, which called for a renunciation of the use of force, recognition of the LAC, and the resolution of the border issue through negotiations.

The Agreement on Confidence Building Measures in the Military Field along the LAC:

- It was signed in 1996, which laid down pledges on non-aggression, prior notification of large troop movements, and exchange of maps to resolve disagreements over the LAC.

The Border Defence Co-operation Agreement:

- It was signed in 2013 following the Depsang Valley incident.



The Debt-trap diplomacy

- Debt-trap diplomacy is a theory that describes a powerful lending country or institution seeking to saddle a borrowing nation with enormous debt so as to increase its leverage over it. Debt-trap diplomacy was associated with Indian academic Brahma Chellaney, who promoted the term in early 2017.
- To gain rapid political and economic ascendency across the globe, China is dispensing billions of dollars in the form of concessional loans to developing countries, mostly for their large-scale infrastructure projects.
- These developing nations, which are primarily low- or middle-income countries, are unable to keep up with the repayments, and Beijing then gets a chance to demand concessions or advantages in exchange for debt relief.
- Sri Lanka, for instance, was forced to hand over control of the Hambantota port project to China for 99 years, as it owed massive debt to Beijing. In exchange for relief, China constructed its first military base in Djibouti.

- India has not entered into any loan agreement directly with China. However, it has been the top borrower of Asian Infrastructure Investment Bank (AIIB), a multilateral bank wherein China is the largest shareholder (26.6% voting rights) and India the second (7.6% voting rights) among other countries.
- Most of India's **neighbours** have fallen prey to China's debt trap, and ceded to China's \$8 tn project - One Belt One Road Initiative (OBOR) which seeks to improve connectivity among countries in Asia, Africa and Europe.
- Many nations have ceded control over strategic **sea ports** which can affect India's regional security.
- China through **OBOR** can increase India's political cost of dealing with its neighbours because **Kashmir**, which India considers its part is also used in OBOR by Pakistan.

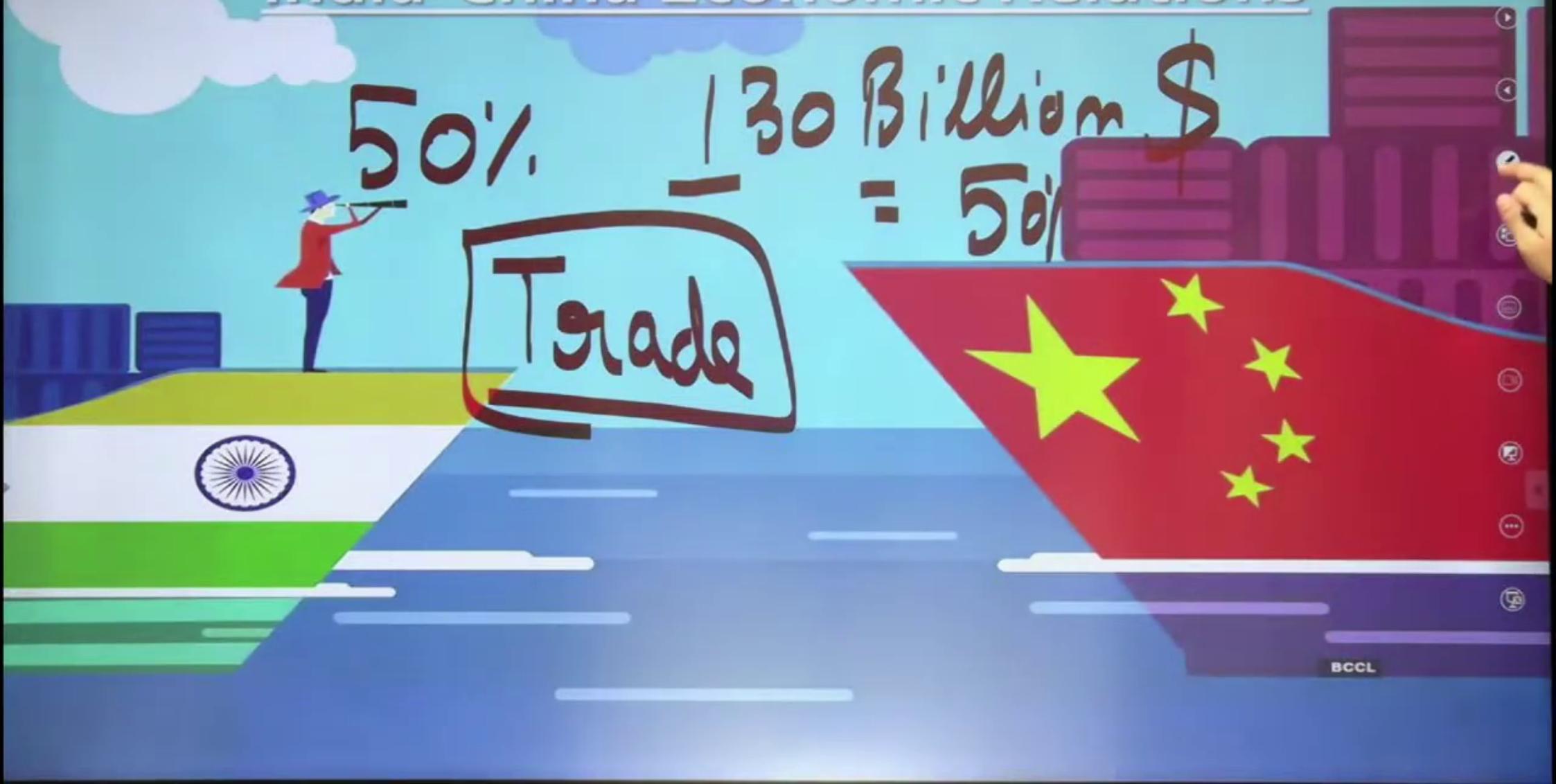
Measures by India

India + Japan

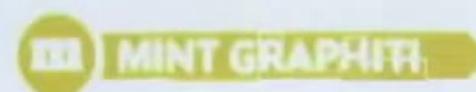
1. New Delhi has been promoting Japanese investment in the Iranian port of Chabahar.
2. Indian efforts towards joint India-Japan Asia-Africa Growth Corridor are aimed at checking China's OBOR initiative, though it is no match to BRI.
3. India plans to step up foreign diplomacy by highlighting poor returns and debt trap issues.
4. New Delhi is also actively involved in Quad involving USA, Australia and Japan. It aims to deter China's control over South China sea and collectively reduce trade imbalance with China.

India-China Economic Relations

50% Trade / 30 Billion \$ = 50%



- Trade volume between the two countries in the **beginning of the century, year 2000**, stood at US\$ 3 billion.
- India-China bilateral trade has reached \$135.98 billion in 2022, a historic high with **18.63% year-on-year growth rate**
- India was the 7th largest export destination for Chinese products, and the 24th largest exporter to China



Trade deficit weighing over talks

India's trade deficit with China stood at a high \$63 billion in 2017-18



Source: Commerce ministry

5%



3x

2020

- China forms an integral part of the **global supply chain**, and India too is heavily dependent on Chinese imports, ranging from a variety of raw materials to critical components. China accounted for over 5% of **India's total exports** in financial year 2019-20 and more than **14% of imports**.
- According to data from 2019, a staggering 70% of electronic components, 45% of consumer durables, 70% of Active Pharmaceutical Ingredients (APIs), and 40% of leather goods come from China.
- Products such as fertilizers are 76% cheaper, electronic circuits 23%, and data processing units around 10% cheaper if made in China.

Double Taxation Avoidance Agreement (DTAA)

2018

India and China have signed protocol to **amend Double Taxation Avoidance Agreement (DTAA)** for the avoidance of double taxation and for prevention of fiscal evasion with respect to taxes on income.

Under **Section 90 of Income-tax Act, 1961**, India can enter into agreement with foreign country or specified territory for the avoidance of double taxation.

India-China Education Exchange Programme (EEP)

- India and China signed Education Exchange Programme (EEP) in 2006
- It is an umbrella agreement for educational cooperation between the two countries
- Under this agreement, government scholarships are awarded to 25 students, by both sides, in recognized institutions of higher learning in each other's country
- The 25 scholarships awarded by India are offered by Indian Council for Cultural Relations (ICCR)

BRICS Network University

- In this initiative, 12 universities from each of the 5 countries will engage with each other in education research and innovation

Five areas of cooperation are prioritised which are:

1. Communication and IT
2. Economics
3. Climate Change
4. Water Resources and Pollution
5. BRICS study

China a hinderance for India's membership



- China has been blocking India's application for membership of the Nuclear Suppliers Group (NSG).
- China holds the view that NSG membership should be given to Pakistan as well along with India, despite latter's abysmal record as the world's worst proliferator.
- China continues to insist that the group should formulate the criteria for the admission of new members first, before making exceptions for any country.

CHINA BLOCKING UNSC TO DESIGNATE MASOOD AZHAR AS GLOBAL TERRORIST



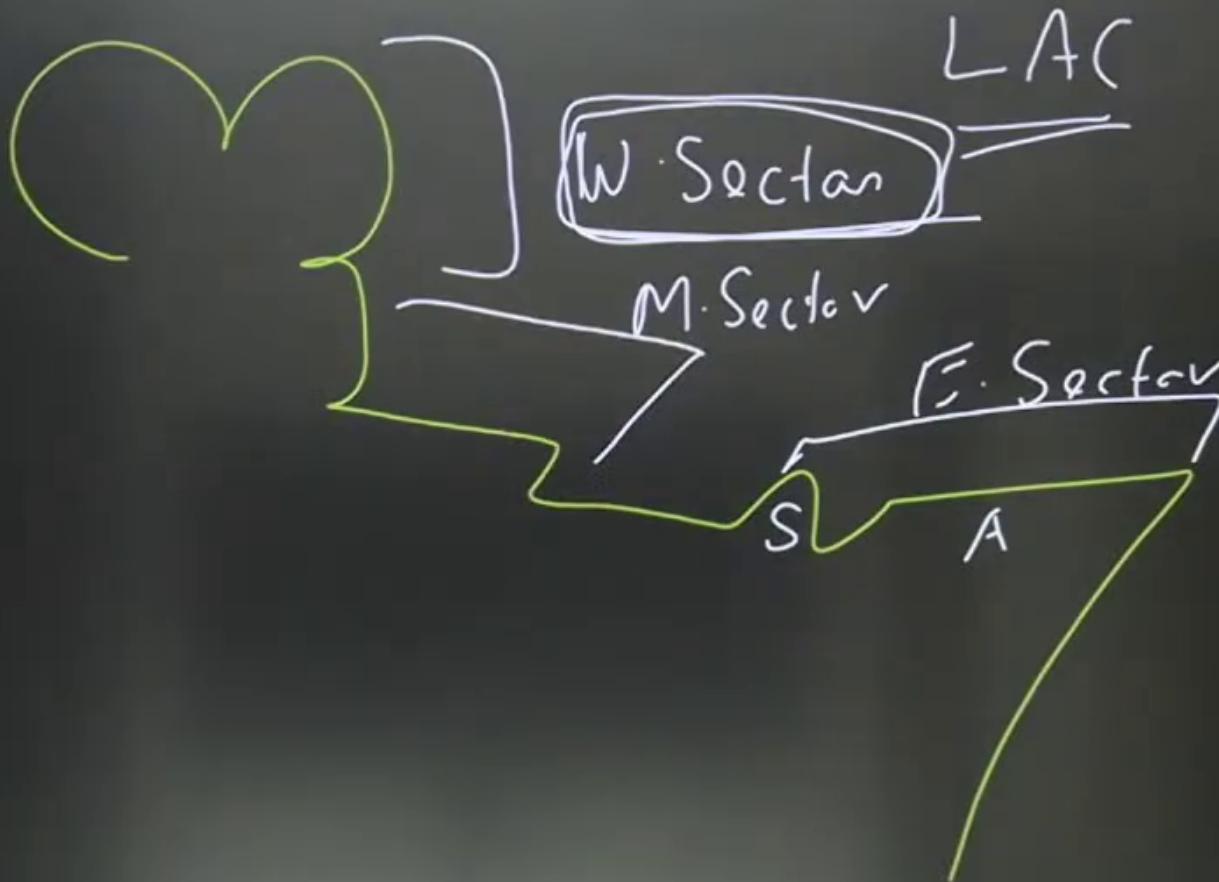
- **China, being a veto-wielding permanent member of the UN Security Council, was repeatedly blocking India's move**
- **The US, Britain and France all backed India to designate Masood Azhar a terrorist under the Al-Qaida Sanctions Committee of the UN Security Council**
- **Masood Azhar is accused of several deadly terrorist attacks in India, including one on the Uri military base in Jammu and Kashmir in 2016, in which 17 security personnel were killed.**
- **The Jaish-e-Mohammed, founded by Masood Azhar, has already been in the UN's list of banned terror outfits**
- **Things took a turn after US warned China that it will take the matter to the higher levels. Escalating the matter from the 1267 Sanctions Committee, where one couldn't even speak on who was blocking the move, to the UNSC would have led to a public debate where Beijing would stand exposed for helping an internationally infamous terrorist.**



On 1 May 2019, Masood Azhar was listed as an international terrorist by United Nations Security Council.

Security Concerns for India





China's string of pearls

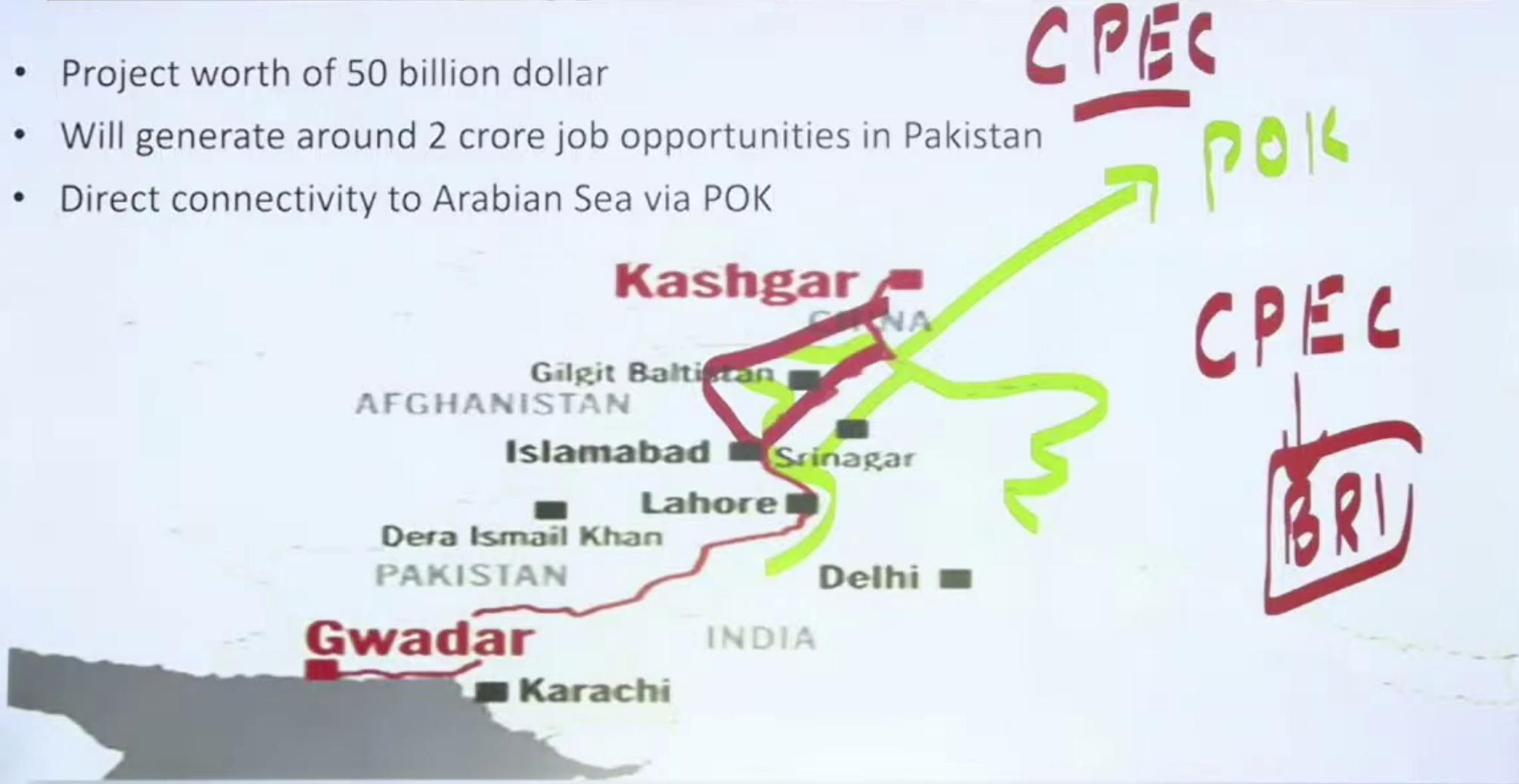


String of pearls

- 1. String. of Pearls refers to a network of ports which China is building from its eastern coast to the West Asia
- 2. China is investing in construction of ports, which in future can be converted into China's naval bases
- 3. India is suspicious that China's String of Pearls is aimed at encircling India.

CPEC Irritant: Xinjiang province (China) to Gwadar port (Pakistan)

- Project worth of 50 billion dollar
- Will generate around 2 crore job opportunities in Pakistan
- Direct connectivity to Arabian Sea via POK



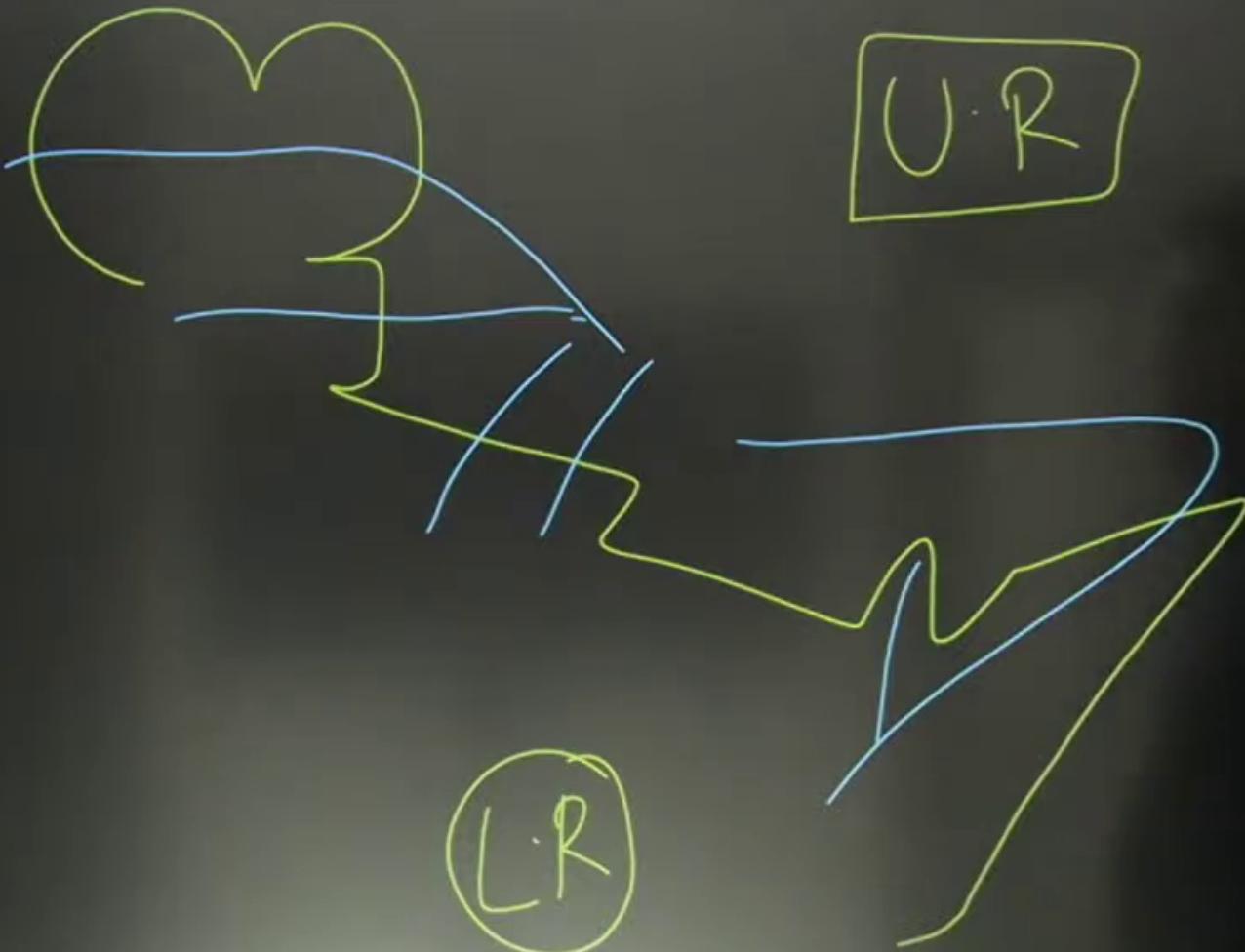
China's plan to dam Brahmaputra river

1. China's plan to dam the Brahmaputra River in Tibet features heavily in Indian security calculations.

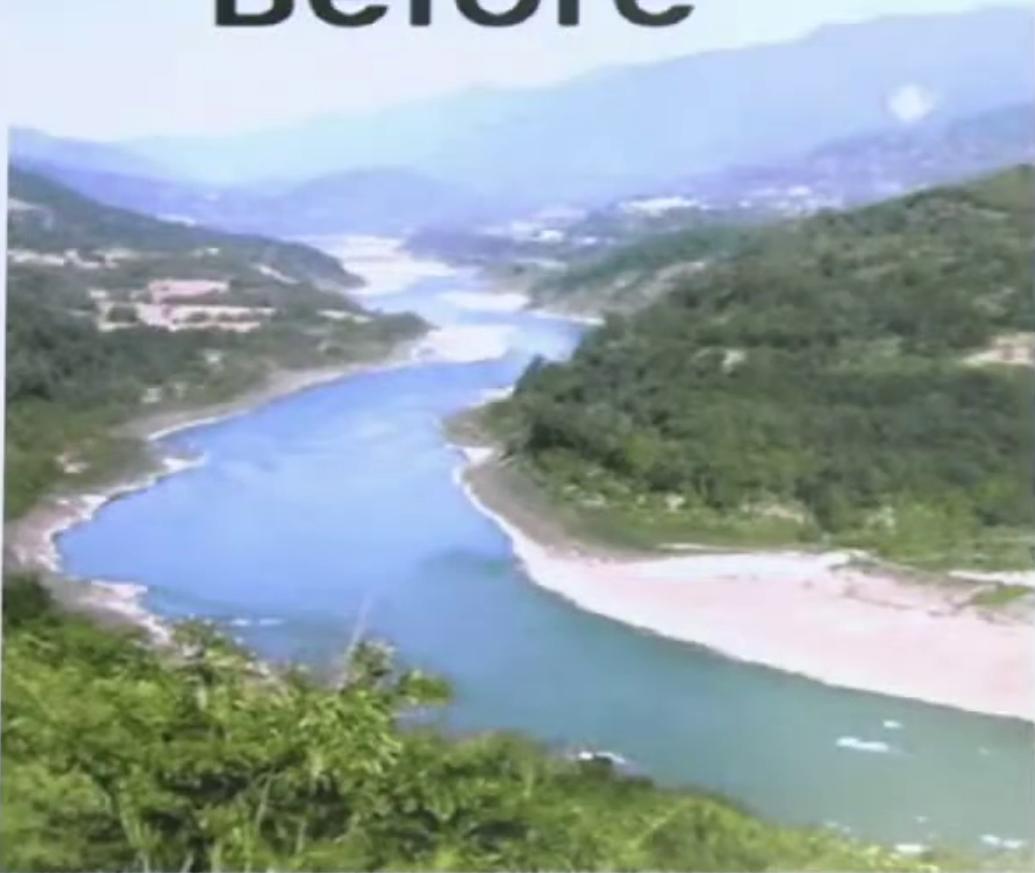
2. The consequences of China turning off the tap upstream could be disastrous for northeast India.

3. Latest satellite imagery shows river Brahmaputra disappearing into a 900 meter underground tunnel in China.

4. It has been in the news recently - reportedly turning black on the Indian side and in connecting with another river which is diverted to the arid lands of the Taklamakan desert.



Before



After



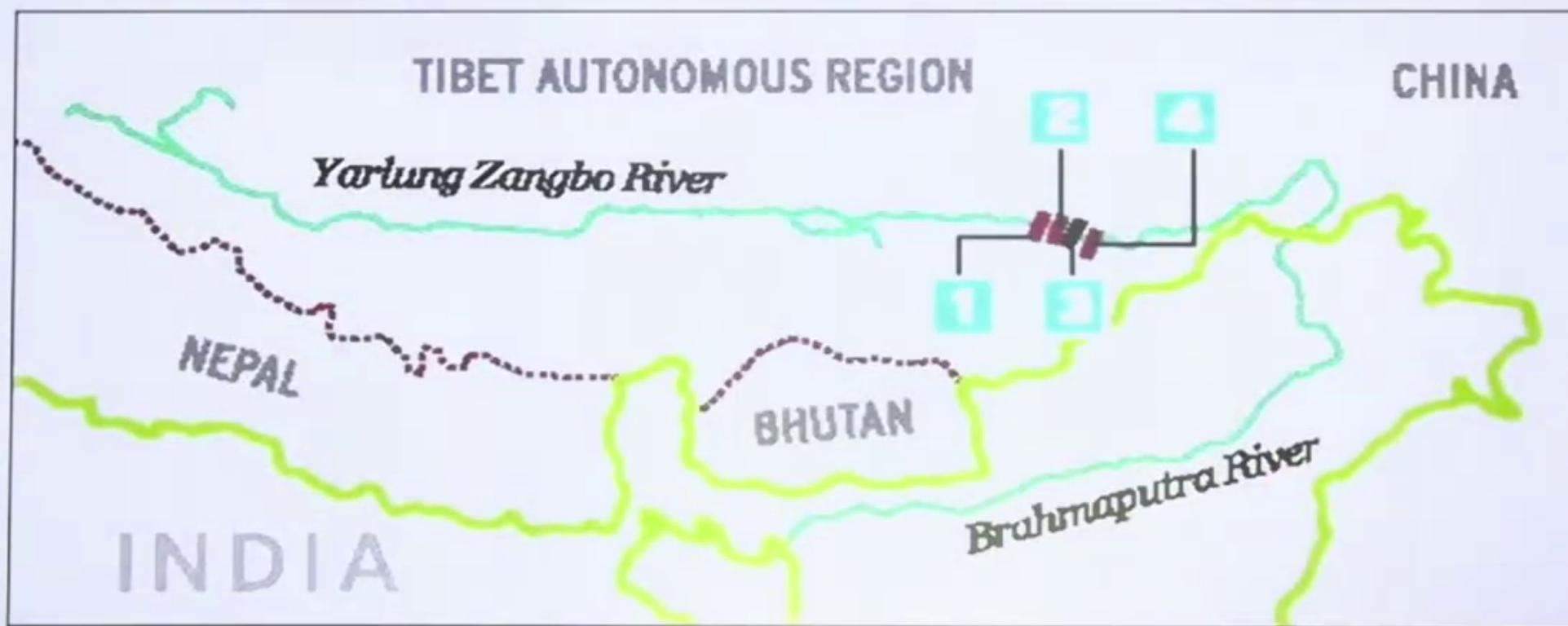
WATER POWER

1 DAGU
640 MW

2 JIEXU

3 ZANGMU
510 MW

4 JIACHA
320 MW



Border issues

1. There are several issues with the Indian approach of securing the Chinese Border.
2. India has managed to build very limited road connectivity and other infrastructural facilities in Border areas in sharp contrast with China.
3. Indian soldiers are guarding the country's border under deplorable infrastructure and pitiable quality of life.
2. This poses a major risk to India's internal security as well as border security.

Steps by India to counter China

- Asia Africa growth corridor
- Chabhar port in Iran
- International north south transport corridor
- Project Mausam
- BBIN Bhutan Bangladesh India Nepal motor vehicle agreement
- IMT trilateral highway
- Kaldan multimodal transit project



India needs to reduce economic dependency on China

Trade deficit **48.66 billion dollar** (2019-20)

Chinese economy **5 times larger than India**

India accounts for only **3 per cent of China's exports**,
China (excluding Hong Kong) accounts for **14 per cent**
of India's imports.

India is **heavily dependent** on Chinese imports in
crucial sectors like semiconductors and active
pharmaceutical ingredients (API) & the telecom sector.

Mains Question

'China is using its economic relations and positive trade surplus as tools to develop potential military power status in Asia', In the light of this statement, discuss its impact on India as her neighbour.

MAINS 2017