



INDIA-CHINA RELATIONS: ISSUES OF COMPETITION AND COOPERATION

Dr. Gurnam Chand

Associate Professor and Head Department of Political Science, M. R. Govt. College, Fazilka.

Abstract

India and China are the two major powers in Asia with global aspirations and some significant conflicting interests. The border dispute and the Pakistan factor remain irritant in India-china relations. As a result, some amount of tension and mistrust in their bilateral relationship is inevitable. Competitions between them to assume regional leadership seem to be a fact of life, which leads to tension. A rising and aggressive China will not tolerate a rising India as its peer competitor. India has to be prepared militarily to deal with an assertive and arrogant China even as it seeks to build bridges of cooperation with China. Narinder Modi Government has been refashioning its policies and making efforts consciously to counter China's dominance.

Introduction

China is India largest neighbor and its rise is indeed a global opportunity as well as a challenge. Both India and China have issues of common concern in the world politics related to energy security, climate change, nuclear proliferation, cyber and space security, terrorism, uni-polarity and global financial instability.ⁱ Both are members of various multilateral forums such as SAARC, SCO, BRICS and so on. Both are the two most populous nations in the world, are the two largest developing countries, and are among the societies and economies in the world that are transforming most rapidly. They are the largest and biggest economy in the Asia. China has the distinction of being the second largest economy in the world. Both countries are building a strong domestic economic base and rapidly training scientific and technical manpower. When much of the world is reeling under recession or grappling with political turmoil, India and China have managed to register reasonably healthy rate of growth and maintain stability. India and China share a common geopolitical space and similar socio-economic aspirations. Both India and China give the highest priority to their domestic transformation. A peaceful periphery, a peaceful and benign world environment and economic prosperity among partners, to reduce uncertainty and create an international environment that is supportive of domestic transformation are efforts of both the countries. It is for this reason that India and China believe that there is enough space for both to realize their development aspirations.

Overviews of India-China Relations

India-China relations are defined by elements of concern, doubts, cooperation and competition. Due to the confluence of common strategic and economic interests shared by India and China, a new competition is emerging in the today world. Dominating the world scene has emerged as a central point of contention in the competition between the two. Prime Minister Narinder Modi emphasized that if India wanted to compete with China; it must focus on skill, scale and speed.

India-China relations have, over the years, been shaped by a deep and enduring geo-political rivalry. According to John Garver, the rivalry is rooted in the "decades-long, multi-layered, and frequently sharp conflict over the two states' relations with the lands and peoples lying around and between them".ⁱⁱ China is becoming stronger economically and militarily year after year. Given its size, its view of itself in historical terms, its claims on India, on Taiwan, in the South China Sea, etc. its rise has implications for the region and beyond. As China grows muscles, it will flex them. China's opaque political system adds to concerns as it makes its conduct unpredictable.ⁱⁱⁱ China's stated aim in its Defence White Paper for 2008 to develop missiles, space based assets and blue water naval capabilities will have an effect on the overall military environment in the neighborhood of India. China's lack of support for India's membership to the United Nations Security Council and other regional and global organizations, all point towards China's attempts at preventing the rise of India as a regional and global player. It is this strategy that China has consistently pursued. In fact, this strategy has been so successful that some observers feel India is off China's diplomatic radar.^{iv} To compound the problem, China has challenged India's Jurisdiction over Sikkim and Arunachal Pradesh including Twang tract. China is intruding in various places along the borders in the guise of herd-grazers. India growing concerns are over the damming of the Brahmaputra River by the China. China's ties with other South Asian countries particularly Pakistan, unrest in Tibet and Kashmir, terrorism, ties with the USA and Russia even Japan. Chinese encroachment into India's sphere of influence particularly South Asia, nuclear and missile proliferation issues have further contributed to their uneasiness and misunderstanding. China's balance of power approach in inter-state relations by providing military and political support to these to serve as counter weight countries was not to India's liking.

India and China are the two fastest growing economies of the world today. Both economies will be looking for additional energy resources, mineral resources, secure lines of communications, higher productivity at lower cost and finally, of course larger markets to sustain growth.^v There is also economic competitiveness between China and India. Though Indian



government has time and again stated that the world has enough space to accommodate the aspirations of both India and China and that two countries should complement each other rather than looking at each other as competitors.

The Sino-Indian trade, which stood at \$18.71 billion in 2005, has already crossed US\$ 66.4 billion in 2012 and likely to be \$ 100 billion by 2015.^{vi} China has consistently remained India's largest trading partner in goods for several years. However, investment flows between India and China have not kept pace with trade. India investment in China worth a total of US\$ 433 million is spread over 676 projects. Chinese investment in India is worth nearly US\$ 300 million. There are several opportunities for cooperation in developing infrastructure. India is already one of China's most important markets for projects exports, with a cumulative value of contracted projects at US\$ 53.5 billion and turnover realised at US\$ 24.6 billion. Chinese side is keen to take measures to promote India greater export to China with a view to reduce India's increasing deficit. India and China need each other. China needs to access India's market as much as India needs to draw Chinese capital to develop infrastructure projects. A warm relationship between the neighbours will help them to rise on the world stage, also ensure stability in the neighbourhood. Two-way trades have been impressive growth and have a potential to grow, but widening deficit is a concern for India. Chinese premier promised to redress the trade imbalance between the two. Improve access for Indian exporters of pharmaceuticals, IT and auto companies will help to narrow the gap. The future of both lies in its cooperation not competition. Their mutual economic, trade and investment interests will force them to accommodate each other's legitimate concern and interests. Therefore relations between India and China will be both cooperative and competitive.

Despite India-China desire to establish stable political and economic relationship, there are issues, which do not permit them to go too close. These issues are

1. Border Dispute: India and China share contested Himalayan border. China's refused to acknowledge the McMahon Line in Arunachal Pradesh as the border between two nations. India China border dispute remains unresolved-India say that China illegal occupies 43,180 sq. km of territory in Jammu and Kashmir Aksai chin area. In addition the 5,180 sq. km Beijing illegally ceded to Pakistan in 1963. China contests that India occupies some 90,000 sq. km of Chinese territory, most of it in Arunachal Pradesh, which India say is part of India. Water has become linked to land disputes. China claim Arunachal Pradesh (particularly Tawang) and also assert claim over the parts of Sikkim.

The border dispute is most sensitive one for both India and China as it relates closely to territorial integrity and sovereignty in respect of each side. Examples being quoted in India in this regard include Mao's description of China's 'palm' (Tibet) and 'five fingers' (Nepal, Sikkim, Bhutan, NEFA and Ladakh); references are also being made in India to the People Republic of China's sense of 'historical loss' of territories expressed through their maps and atlas series published in the eighties. Such maps had even been seen claiming that India's Assam, even Andaman's, were 'historically' parts of China.^{vii}

China's claims are based on its historical stand-all its borders, including with India, are as defined during the Qing dynasty period which ended in 1912. The root of the border problem with India lies in Beijing's position that a large chunk of its territory, especially the 90,000 sq. km area in the Eastern sector, were illegally taken away by British India, after the 1914 Shimla Convention and that India inherited the British legacy. This has provided the rationale for Beijing in rejecting the McMahon line, a product of the Convention and in claiming the entire Arunachal Pradesh state of India as part of Chinese territory, referred to as 'Southern Tibet,' authoritative scholars in China have categorically stated that Beijing cannot recognize the McMahon line; if it did so, it would amount to Chinese admission of the 1962 conflict as a 'war of aggression' as well as an implicit acknowledgement that Tibet was once independent of China.^{viii} On the other hand, for India, the McMahon line remains the 'de facto' border with China.^{ix}

China's claims on Indian territory, and indeed, China's military pressure on India is on account of its direct military occupation of Tibet. The Chinese unabashedly play the Tibetan card to the hilt against India. Yet it is reluctant to play the Tibetan card against China.^x A complicated history, tense politics and cultural differences of the border region have caused distrust over the border issue. Asymmetry and differences in the political culture have hindered any quick resolution of this dispute.

The prospects for a border settlement with China remain distant. China has, on the contrary, increased tensions by making aggressive claims on Arunachal Pradesh. India's military infrastructure in the North East is being upgraded in the face of mounting Chinese intransigence on the border issue. Prime Minister Narinder Modi at his meeting with Chinese President Xi Jinping in September, 2014 had said no real progress and lasting friendship was possible without speedy settlement of the boundary issue. Prime Minister has called for defining the 3,348 km Line of Actual Control (LAC) to ensure peace, with its demarcation on ground to follow.^{xi} Army Chief General Dalbir Singh while addressing a press conference said, "Unless the



LAC gets demarcated the bigger issue of boundary cannot be resolved. It will definitely help. Once done, we will not have issue of transgressions and face off troops on either side.”

2. India-China Rivalry in the Indian Ocean: Due to the confluence of common strategic and economic interests shared by India and China, a new competition is emerging in the Indian Ocean. Dominating the Indian Ocean has emerged as a central point of contention in the rivalry between India and China. Both are seeking to expand their naval capabilities in the Indian Ocean in their bid to become major world powers. Both are seeking to gain a strategic advantage over each other. With the rise of military capabilities of China and India, the two militaries are increasingly rubbing against each other as China expands its presence in the Indian Ocean region and India makes its presence felt in East and Southeast Asia.^{xii} The Indian Ambassador to the US recently suggested that the South China Sea could be viewed “as the ante chamber of the Indian Ocean”. China-India competition leads to rivalry in the Indian Ocean. Robert D. Kaplan, a security expert of US argues that, “The Indian Ocean will take center stage in the 21st Century as India and China compete in a “great-power rivalry” over the waters. Both India and China aspire to increase their zones of influence in the Indian Ocean, above all in order to guarantee their peoples with oil and gas supplies and to intensify commercial ties with countries in Asia and the Middle East.”^{xiii}

From an Indian point of view it needs to be underlined that China is neither a part of South Asia and nor a littoral state, but through ‘string of pearls’ strategy China is cultivating India’s neighbour as friendly states, both to protect its economic and security interests and to balance “rising India.” China’s increase forays into the Indian Ocean, as well as the growing economic and political relations intended to dilute India’s dominance in Indian Ocean.

Nearly half of the seaborne trade passes through the Indian Ocean, and its coastal states are the source of some 60 per cent of the world’s oil and a third of its gas reserves. It is the locus of important international Sea Lines of Communication (SLOCs). The Indian Ocean also is home to the world’s two newest nuclear weapons states, India and Pakistan. To satiate its appetite for energy, China has embarked on projects in several countries situated along the sea routes stretching from the Malacca Straits to the Cape of Good Hope. The Malacca Strait has choke point on China’s supply routes. China’s interest in developing alternative ports and pipelines would seem to be motivated by a desire to reduce the criticality of the Malacca Strait. China’s role in the Indian Ocean is growing at a rate that underlines much more than a normal expansion of capabilities.

3. Competition in South Asia: There is no denying the fact that China sees India as a potential competitor in the South Asia and there is no iota of doubt that the influence of China in South Asia is growing. China is trying to play and expand its influence in commensurate with its position and strength. There is direct attempt by China to befriend India’s neighbours with dosages of massive assistance and exploitation of irritants between India and its neighbours to China advantage. In President Hu Jintao’s words the China-Pak relationship is ‘higher the mountains and deeper than the Seas’^{xiv} China’s ‘all weather friendship’ with Pakistan has helped China to follow its grand strategy in South Asia to contain India. China’s major objective has been to prevent the rise of India and to dilute India’s dominance in South Asia region. China will continue to befriend countries in South Asia adopting various ways and means to further its geostrategic interests particularly in the light of a rising India and a close relation developing between India, US and Japan.

Traditionally, India has been the major trading partner with its neighbours, but China is entering India’s neighbouring markets more aggressively through trade and investment. China’s increasing need of energy sources and access to the international markets makes the South Asia very attractive. China is expanding its power in South Asia because these countries provide new markets and alternative route to the Indian Ocean. Some Indian strategists and military leaders fear ‘maritime encirclement’ by China, via its relationship with South Asian countries. China assertive diplomacy primarily geared to establish its economic and security ties with Sri Lanka, Myanmar, Nepal, Bhutan, Pakistan and Bangladesh. In some cases this firming up of ties has led to joint port construction or enlargement deals, examples include Gwadar Port in Pakistan, Hambantota in Sri Lanka, Chittagong in Bangladesh, Sittwe port in Myanmar electronic intelligence gathering facilities on the Island in the Bay of Bengal, funding construction of a canal across the Kra Isthmus in Thailand, a military agreement with Cambodia and building of forces in the South China Sea.^{xv} China is also growing strategic presence in the Gilgit-Baltistan area of Pakistan Occupied Kashmir.

4. South China Sea Issue: India has a strong interest in keeping sea-lanes open in the South China Sea. The South China Sea is not only a strategic maritime link between the Pacific and the Indian Oceans, but also a vital gateway for shipping in East Asia. Almost, 55% of India’s trade with the Asia Pacific transits through the South China Sea. Apart from helping secure energy supplies for countries like Japan and Korea, India has the unique distinction of shipping oil from Sakhalin to Mangalore through sea routes of the region. Therefore, it is vital for India to have access to the region. If China continues



to assert dominance over these waters, it will be difficult for India to continue with its activities through this channel. China's hard line on the South China Sea has affected India too. India was a bit taken aback after Beijing denounced plans by an Indian Company to develop oil fields in the region. The Chinese objection was to ONGC Videsh's (OVL) venture for off-shore oil exploration in waters belonging to Vietnam (not recognized by China), Beijing urged India to refrain from entering into deals with Vietnamese firms exploring oil and gas in the disputed South China Sea over which China enjoys 'indisputable' sovereignty.^{xvi} A recent article in the Chinese newspaper 'Global Times' by the columnist Liu Sheng cautioning India against going ahead with collaboration with Vietnam for oil and gas exploration in the South China Sea is a timely reminder of the dangerous pitfalls that still exist in the Sino-Indian relationship. The Global Times quoted Jiang Yu, a spokesperson of the Ministry of Foreign Affairs of China, to state that 'as for oil and gas exploration...we are opposed to any country engaged in the waters under China's jurisdiction. We hope foreign countries do not get involved in the South China Sea dispute'. Although India was not directly named, yet the finger clearly pointed towards India. ONGC has an investment of about US\$ 225 million in Vietnam.^{xvii} Succumbing under the pressure, the ONGC has written to the petroleum ministry, expressing its intent to relinquish the block. Although the reason has been cited that despite repeated attempts to drill wells in this block have failed due to the hard seabed in the block, a senior government official said 'if ONGC moves out of Block 128, India may be seen as bowing to the pressure from Beijing that has been terming the exploration activities by India as illegal'.^{xviii}

5. China-Pakistan nexus: China's military links with Pakistan pose a continuing complication in India-China relations. There is a nexus, both in terms of security and strategy, between China and Pakistan. China is trying to capitalize on the India-Pakistan enmity. China is doing all it can provoke India, says a report from India's intelligence agency RAW.^{xix}

The military ties between the two have grown and are still growing stronger. The border war of 1962 provided the propitious opportunity for them to come closer and forge a common political and strategic understanding. Ever since both sides signed the border agreement in March 1963 ceding 5,180 sq. KM in the Shaksgam valley of Pakistan occupied-Kashmir to China.^{xx} China has all along placed great value on its all-weather friendship and all-round cooperation with Pakistan. Their relationship is primarily to checkmate India. It gives China lot of advantages. Pakistan is the only country that stands up to India and thereby prevents India's hegemony in South Asia, thus fulfilling China's objective in the region. Its aim is to confine India's rise within the confines of South Asia. For China as long as India is preoccupied with Pakistan on its western frontier it will not stir up trouble on Tibetan border. China gives diplomatic support to Pakistan against Indian interests. China and Pakistan have traditionally valued one another as strategic hedge against India. For Pakistan, China is a guarantor of security against India.^{xxi} China also considers Pakistan critical to energy security. Gwadar-along with a network of rail and roads through Pakistan assures the convenient transport of Middle-Eastern oil and gas to China via its western province of Xinjiang. Chinese Premier during his visit 19 to 20 December, 2010 to Pakistan said, Pakistan and his country were "all weather strategic partners." That means "the Chinese government and people of Chinese will stand by Pakistan to face all challenge together." The Chinese military, missiles and nuclear help to Pakistan continues, but Beijing is not in a position to give a guarantee to India that Pakistan will not leverage such support from China, to fight against India. Not surprisingly, New Delhi perceives that China's military assistance to Pakistan has direct implications for India. However, the increasing China-Indian interaction has produced increased sensitivity on the Chinese side regarding Indian security concerns.^{xxii}

Apart from this, Tibet remains a key source of tension between the India and China though both the countries have found a way to manage their differences on this issue. Though Indian Prime Minister Narinder Modi did not raise Tibet issue during the Chinese President XI Jinping visit to India, but this issue came to limelight due to protests by Tibetan people residing in India. Trans-border river issue has become a subject of tension between India and China. Chinese dam construction on the Brahmaputra River and diversion of its water to its Northwest areas has become a matter of great tension. Due to China unfriendly activities, flow of water in the Northwest regions of India has become deficient which is alarming. Reluctance of China in endorsing India's demand for a permanent seat in the Security Council and its objections to give India membership in the Nuclear Suppliers Group makes India doubtful of Chinese intentions. Cyber espionage and restrictions on labour are also contentious issue between India and China.

In the case of India's China policy, it needs to be realized that there is nothing really sinister about China's attempts to expand its own influence and curtail India's. China is a rising power in Asia and the world and as such will do its utmost to prevent the rise of other power centers around its periphery like India that might in the future prevent it from taking its rightful place as a global player.

Following are some suggestions and concluding observations of the study

A contest and mistrust ridden relationship cannot help India and China, which should engage in a transparent dialogue to



ensure peace and stability in the Asia. Despite economic competitiveness and the sharing of contested border, a good trade relation exists and has the potential to grow even faster in the coming years.

The security dilemma between china and India is real and it is growing. China wants to encircle and contain India. As China has already decided that it will fight aggressively in the Indian Ocean, India needs to build naval capacity and careful strategic thinking.

India as an emerging power has the responsibility to create confidence with its neighbouring countries so that they can walk with India and not pull India indifferent directions. Closer economic and military cooperation can bring South Asian nations to closer.

India should work towards engaging a strategic ally (possibly US and Japan) having sufficient military and economic muscle to caution China on any adventurism against India. A strong US-India maritime cooperation is must to manage China's rising strategic profile in the Indian Ocean.

To conclude, China will continue to befriend countries in South Asia adopting various ways and means to further its geostrategic interests particularly in the light of a rising India and a close relation developing between India and the US. China will try to achieve two objectives-to checkmate India and to gain access Indian Ocean. In so far as India's China policy is concerned, there is visible continuity in the official position and there is a consensus across Indian political spectrum for improving bilateral ties with China and for resolving India-China differences through dialogue. 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 and Chinese and Indian oil and gas companies have often been in competition with each other to invest in overseas fields. 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. Despite several bilateral engagements between top leaders of the two countries in 2014, the possibility of competition turning into a confrontation between China and India cannot be ruled out due to mutual suspicion and deep distrust, unsettled boundary disputes, the massive modernization of military, China-Pakistan nexus.

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