Rising China and Emergent India in the 21st Century: Friends or Rivals?

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Abstract

This paper is written from the perspective of a historian who is aware of the 20th century roots of current problems between the two Asian giants, as well as their tremendous contributions to world civilization and Asian prosperity in the past, and hopefully in the future.

The paper analyzes issues troubling India-China relations, such as the unresolved boundary question, sensitivity on matters of international status, and mutual perceptions of threat arising from fears of encirclement. It shows how the two governments have made tremendous progress in overcoming or mitigating these problems, and in establishing strong human and economic ties between the two fastest growing economies in the world.

Pakistan continues to be a wild card with a negative impact on India-China as well as India-U.S. relations, but its capacity to create trouble may have been reduced by its own internal problems, as well as progress in the India-Pakistan composite peace process.

The United States remains the preponderant military and economic global power, despite recent damage to its moral influence, and all countries, including China and India, try to cultivate close relations with it.

Both India and China are engaged with Southeast Asia and with other Asian countries, and each has close and complex relations with the United States. The author sees a low risk of military conflict between India and China and a high desirability of international cooperation among all three in tackling the many facets of human security in the 21st century.
Introduction

The 21st century is already witnessing the rise of China and India to global prominence. There is a general expectation that these two countries will be among those that shape the geopolitics of the rest of the century. But there are more questions raised than agreement on how, and in what directions, these two Asian giants will move themselves and the world around them—even if we assume that each continues for the next several decades along a trajectory based on present-day trends of high economic growth rates. Some of the most frequently asked questions are, for example: Are China and India friends or rivals? Are their bilateral relations cooperative or competitive? What are the risks of military conflict between them? How do they relate with their own and each other’s neighbors? And, how do the established powers of the international system, notably, the predominant global power of the present day, the United States of America, deal with each of them?

Varying answers to the above questions are to be expected, because international relationships usually are dynamic, responding to both internal and external factors, because what are called “rising China” and “emergent India” are relatively recent phenomena that might disturb existing economic and political power structures, and because commentators may view events from different perspectives, of which the hard neo-realist or national security stance is but one. Generally speaking, analysts adopting that stance postulate rivalry between India and China and are pessimistic about prospects of Asian or international cooperation. Using a historical viewpoint, we take the position that India and China have strengthened their bilateral relations very considerably since 1988 through regular, high-level meetings, confidence-

1 The U.S. National Intelligence Council reported in 2004 on “the likely emergence of China and India as new major global players . . . (that) will transform the geopolitical landscape.” Mapping the Global Future: Report of the National Intelligence Council’s 2020 Project, Washington, DC, 2004.

building measures, accelerating economic activity, and revival in public
memory of the rich cultural and intellectual exchanges that have taken
place between their two glorious ancient civilizations. Accordingly, the
risk of military conflict between the giant neighbors in the near future
is low, despite perceived competition in some areas of security, access
to resources, and status; contentious issues remain unresolved too,
notably the border problem. As a permanent member of the United
Nations Security Council, and for other reasons as well, China occupies
a higher position than India in the international hierarchy of states and
in popular or Western perceptions, but in the past decade all estab-
lished powers have also engaged with India in “strategic” and other
kinds of partnerships.

Most attention has focused on the new U.S.-India relationship,
with the world’s oldest and largest democracies sometimes described
as a “natural allies”\(^3\) and sometimes as “impossible allies,”\(^4\) including a
controversial agreement in 2005 on civil nuclear cooperation. China’s
reactions have been equivocal at best, and its own bilateral relationship
with the United States is a highly complex one. We look at an emerging
U.S.-India-China triangle not as an area of inevitable conflict but as one
of engagement of all three powers in the future Asia. Various Asian
regional organizations, notably the Association for South Eastern
Nations (ASEAN) and the South Asian Association for Regional Coop-
eration (SAARC), evidently share this view and seek to enlarge areas of
cooperation in a globalizing world. In short, we find China and India
capable of overcoming strong negative legacies of their 20th century
histories so as to make positive contributions to their huge populations
and the world in general during an unfolding 21st century.

\(^3\) The phrase was first used by Prime Minister Atal Behari Vajpayee in a speech
to the Asia Society, New York, on Sept. 28, 1998 titled, “India, USA and the
World: Let Us Work Together to Solve the Political-Economic Y2K Problem.”
Ministry of External Affairs, Foreign Relations of India: Select Statements, May

\(^4\) Title of a book detailing how the Indo-United States agreements of 2005 were
reached. See C. Raja Mohan, Impossible Allies: Nuclear India, United States and the
Global Order (New Delhi: India Research Press, 2006).
Current Problems Rooted in 20th Century Histories

Authoritative statements of goodwill, fairness, peaceful intent, and the absence of threat regularly emanate from the highest levels of government in China and India, especially around times of official exchanges, the frequency of which has increased. Such statements do not entirely conceal the persistence of problems that create mistrust between the two countries. The main issues at stake include an unresolved border problem, only recently settled questions on the status of Tibet, mutual fears of “encirclement,” proximity of modernizing armed forces, and jostling for rank in the international arena. All are rooted in the different 20th century histories of India and China in a changing world picture, which are very briefly encapsulated below.

In world history, the 20th century can be neatly divided into two, with two world wars and the demise of colonial empires occupying the first half, and the Cold War between the United States and the Soviet Union and their respective allies dominating most of the second half.

India was part of the British Empire until 1947, waged a long and non-violent freedom struggle against imperial control, and suffered partition at the time of independence. Today, the Republic of India is a multiparty constitutional democracy founded on universal adult franchise and protection of human rights. Its first prime minister, Jawaharlal Nehru, promulgated a foreign policy of nonalignment, hoping for peace and friendship with all, and affirming prior international agreements and borders. India is often criticized as a “soft state,” in which policy-decisions are hard to reach and harder to implement; but this is consistent with its long history, in which society was more important than polity, and a contemporary citizenry composed of an almost incredible diversity of culture, ethnicity, language and religion.5

China was not directly controlled or partitioned by colonial powers but also experienced profound change. The Qing Dynasty in China collapsed and was replaced by a republic in 1911–12. This had a direct impact on Tibet, where the special Cho-yon or patron-priest relationship between the Manchu (Qing) Emperor and the Dalai Lama ended; the

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5 Surjit Mansingh, Historical Dictionary of India (Second Edition) (Lanham: Scarecrow Press, 2006), introduction, and appendix G.
latter proclaimed Tibetan independence in 1913\(^6\) and other outlying provinces also became virtually independent. Britain was an active player in the “Great Game” against Russia in Central Asia and sought influence in Tibet. At a conference among plenipotentiaries of Britain, Tibet and China convened in Simla (India) in October 1913. Sir Henry McMahon negotiated a division of Tibet between Inner (areas under Chinese control) and Outer (under the Dalai Lama’s administration); he also sketched a line along the highest crest of the Himalayas as the frontier between Tibet and northeastern India, which continues to be contentious till this day. Imperial Japan expanded into China during the 1930s and the struggle against Japanese occupation was complicated by a civil war between forces of the Nationalist or Kuomintang government (KMT) and the People’s Liberation Army (PLA) of the Chinese Communist Party (CCP). The latter’s victory resulted in promulgation of the People’s Republic of China (PRC) in 1949 headed by Chairman Mao. He soon signed a Treaty of Alliance with the Soviet Union and militarily intervened in the Korean War. The PRC established military control over outlying territories, including Tibet, renounced all prior foreign agreements as “unequal treaties,” demanded renegotiation of all borders, and built a revolutionary “hard” state ruling over a population that was 95 per cent Han. This was not inconsistent with historical experience and constructed memory in China.

There had been very little contact between the new leaders of India and China in the first half of the century\(^7\) but Nehru held a deep conviction that India-China friendship was the basis of an Asian resurgence. He did not take a strong stand on Tibet in 1950 and pursued an actively mediatory diplomacy to end the Korean War.\(^8\) Mao ascribed a

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special place of importance to India as a possible “united front” partner in his ideological three-way division of the world and Zhou Enlai carried a message of friendship to India in April 1954. An eight-year Agreement on Trade and Intercourse between the Tibet Region of China and India was signed, by which India voluntarily relinquished the many special positions and privileges it had held in Tibet and six passes were designated as authorized routes for passage by traders and pilgrims in both directions. The preamble to the agreement enumerated five principles of peaceful coexistence, or *panchsheel*, as the basis of bilateral and multilateral relations: mutual respect for each other’s territorial integrity and sovereignty; mutual non-aggression; mutual non-interference in each other’s internal affairs; equality and mutual benefit; and peaceful coexistence.

Respect for territorial integrity demands clearly defined borders. Disagreements on where exactly the border between India and China lay in a vast Himalayan expanse quickly surfaced and became increasingly acrimonious.9 Meetings of officials held in 1960 revealed wide divergences of interpretation and approach between an India relying on history and geography and a China asserting the right of possession.10 Two years later Mao ordered an attack on Indian forces and a brief war occurred in which Indian forces were defeated. Scholarly analyses emphasize the role of misperceptions and errors on both sides.11 Mao incorrectly depicted Nehru as an agent of foreign imperialists—both the United States and the Soviet Union were then assisting India—bent on “encircling” China. Mao did not understand India’s grant of asylum to the Dalai Lama and thousands of his followers in 1959, after a Tibetan insurrection had been quashed by Chinese forces, as a humanitarian gesture—but saw it rather as a means to restore Tibet

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to its pre-1950 status. Mao read Nehru’s call for forward deployment of Indian military patrols as evidence of aggressive rather than defensive intent. Nehru, for his part, failed to understand China’s verbal or written warning signals conveyed over two years and could not even conceive the possibility of a massive Chinese attack across the Himalayas. Nehru also overestimated the ability and the willingness of Washington and Moscow to deter the Sino-Indian War; they were preoccupied with their own Cuban missile crisis at the time. India suffered a traumatic shock with its defeat in 1962 and Nehru died in 1964. His dream of India-China cooperation was frozen for a generation. India’s international prestige also declined, as did its economic performance in the 1960s and 1970s, though efforts were made to improve defenses.

China, too, was engulfed in its own catastrophic Great Leap Forward and Cultural Revolution. In external dealings, however, China signed an advantageous border agreement with Pakistan in 1963 that also gave it access to the Persian Gulf and was the beginning of what became a close and all-weather friendship that continues to arouse intense feelings of insecurity in India. China also supported revolutionary movements in countries on its periphery and insurgency in northeastern India through Burma. More spectacularly, China entered into secret negotiations with the United States that resulted in the famous visit to China of President Nixon and the Shanghai Communiqué of February 1972. The PRC now occupied China’s seat as a permanent member of the Security Council and had U.S. backing against the Soviet Union. The break up of Pakistan with the independence of Bangladesh in 1971, and surrounding events, including UN debates and an India-Pakistan War, brought about the quadrilateral pugilism of China and Pakistan (with the United States) ranged against India and the Soviet Union.

A new era for China opened in 1978 after the death of Mao in 1976 and overthrow of the radical “Gang of Four.” The new leader, Deng Xiaoping, initiated a package of reforms labeled the “Four Modernizations” that launched China on a sustained trajectory of rapid economic growth that is historically unprecedented for such a large country. Deng Xiaoping also altered foreign relations, establishing formal diplomatic relations with the United States in early 1979, pursuing an “independent” line in the 1980s so that a new, young Soviet leader, Mikhail Gorbachev, actively sought rapprochement in 1986, and also making overtures to India. Foreign Minister A.B. Vajpayee’s visit to China in February 1979 resulted in the reopening for Indians of an ancient pilgrimage route to the sacred sites of Kailash and Mansarovar in southwestern Tibet. More substantial fruit would not ripen until later. Chinese Foreign Minister Huang Hua reciprocated the visit in 1981 and initiated an annual dialogue at vice-ministerial level, along with border talks. A trade agreement of 1984 ended more than two decades of commercial disruption between India and China.

New Delhi may have missed opportunities of a border settlement with China in the early 1980s because of bureaucratic hesitation and preoccupation with internal political problems. There were other obstacles. India and China adopted different stances on key international issues of the day, such as Soviet occupation of Afghanistan and developments in Cambodia. More serious, from India’s point of view, was the Chinese transfer of nuclear and missile technology and materials to Pakistan, which openly claimed nuclear weapons capability in 1987 and continued hostile policies toward India. Then, for the first time since 1962, armed clashes between Chinese and Indian forces occurred in the Sumdorong Chu area of the disputed eastern sector of the border in 1986 and 1987. China formally protested India’s elevation to statehood in 1986 of Arunachal Pradesh in northeastern frontier regions and augmented its force levels in Tibet, perhaps in response to dissident revival there. Both New Delhi and Beijing denied provocative intent and continued their high-level contacts. Both wished to normalize bilateral relations.

Toward Normalization

Indian Prime Minister Rajiv Gandhi’s State Visit to China in December 1988, carefully planned by officials in both countries, brought about a thaw in India-China relations and is thus recalled by both sides. The achievements were significant. It was the first visit of an Indian head of government since that of Nehru in 1954. It was undertaken without insisting on an earlier precondition of a border settlement; India parliamentary and public opinion had changed. The 84-year-old Deng Xiaoping met his “young friend,” 44-year-old Rajiv Gandhi, with immense cordiality and urged both countries to “forget the unpleasant past.” Both men emphatically agreed that their countries needed a peaceful environment in which to pursue ambitious plans of economic growth and human uplift. Toward this end, one Joint Working Group (JWG) was formed to negotiate the boundary question and obviate tensions. Another JWG was created to promote trade and investment. Students at Tsinghua Technical University responded enthusiastically to Rajiv Gandhi’s call on the educated youth of both countries to join in building a cooperative future. Plans were made to initiate cooperation in culture, science, space and technology. Agreement was reached on establishing direct communication by commercial airlines and telecommunications, but this became viable only a decade later. What China calls “the events” of June 1989 on Tiananmen Square did not affect China’s nascent relations with India as they did the stronger ties with other countries, such as the United States.

Normalization of India-China relations took place along four paths. Regular exchanges of visits at high official and political levels were scheduled as a necessary means to promote understanding and reduce mistrust. The risks of accidental or deliberate military clashes were reduced, while talks on resolving the boundary question proceeded at a glacial pace. Bilateral trade, including legal traffic across the border, and other forms of modern economic exchanges between the two rapidly growing economies were initiated. Academic exchanges and cultural events recalled ancient links between Sinic and Indic civilizations to public attention and facilitated serious study of those links.

An indirect argument for India-China reconciliation emerged with the collapse of the Soviet Union in 1991 and uncertainty about their respective adjustments to what was termed a “unipolar” world under American hegemony. Normalization was not a smooth process, especially as issues of international status gained in importance. India asserted its claim to be a permanent member of the United Nations Security Council and to be recognized as a nuclear power, but China was unwilling to endorse either goal. Nevertheless, by the end of the century the two countries could celebrate 50 years of diplomatic relations with unusual displays of fraternity between their forces stationed on either side of the Line of Actual Control (LOAC) in the Himalayas.

Chinese Premier Li Peng’s visit to India in December 1991 resulted in the resumption of border trade through two designated routes across the Lipulekh La and Shipki La Passes in the least contentious middle sector of the border. A third route through Nathu La Pass in Sikkim was indicated but not opened until June 2006 because of China’s reluctance to explicitly recognize Sikkim as part of the Indian Union. The benefit of border trade to the Himalayan communities who conduct it is much higher than its statistical value as a proportion of total trade. Cultural programs, including an exhibition of reproductions of some of the most famous (Indian inspired) Buddhist frescoes from the Dunhuang Caves in Xinjiang, accompanied Li Peng and his entourage. Indian Prime Minister Narasimha Rao’s visit to China in September 1993 produced an important Agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control in the border areas. It provided for regular meetings and consultations between defense personnel, such as local commanders, as well as verifiable confidence-building measures (CBMs) and procedures including advance notice of military maneuvers and mechanisms for handling possible air intrusions on either side to obviate inadvertent conflict. According to Article II, “each side will keep its military forces along the line of control to the minimum level compatible with . . . good neighborly relations . . . (and) the principle of mutual and equal security.”

Chinese President Jiang Zemin’s precedent-setting visit to India in November 1996 resulted in an Agreement on Confidence-Building Measures in the Military Field along the LOAC. It abjured the use of military force, led to some significant troop reductions on either side,
and spurred the process of clarifying the alignment of the LOAC by adding technical experts to the JWG. Neither Sikkim nor Tibet was mentioned. Indians noted with relief that China no longer endorsed Pakistan’s position on Kashmir, but urged a bilateral and peaceful resolution of the dispute; few then took alarm at China being Bangladesh’s primary supplier of military equipment. Nepal’s kings had developed close relations with a China bent on preventing destabilization in Tibet from Nepal, but the limits of this relationship were exposed in 1989 when China could not replace India as Nepal’s economic lifeline. Some assert, “China had essentially acquiesced to New Delhi’s dominant role in South Asia.” Others challenge that impression by pointing out China’s increasing presence in all India’s neighbors and maintaining that China demands India’s acquiescence to Beijing’s dominant role throughout Asia.

Deng’s modernization of agriculture, industry, science and technology produced dramatic growth in China’s economy by the mid-1990s, especially as expressed in rising exports and inflows of foreign direct investment (FDI). The corresponding period in India shows politics rather than economics occupying the prime place in national priorities, although a program of phased economic reforms was initiated in 1991. Foreign trade then accounted for a smaller proportion of India’s gross national product than China’s and there had been a very long disruption of commerce between them. Bilateral India-China trade amounted to only US$123.5 million in 1987–88, growing slightly to more than one billion dollars in 1995–96. There were good reasons for this low level. Both countries directed trade promotion efforts toward advanced industrial countries rather than toward each other; China’s trade was mainly with Japan and the United States, besides Hong Kong, and India’s trade was mainly with the European Union and the United States. Secondly, there was then a similarity in exportable goods—carpets, garments, handicrafts, industrial components, light engineering goods and textiles—with consequent competition rather than comple-

mentarities between China and India. More importantly, the essential infrastructure of reliable banking channels, shipping lines, kinship links, knowledgeable personnel and efficient telecommunications was yet to be constructed, and Indians were wary of doing business in China. However, China’s joining the World Trade Organization in 2000 and adopting its norms, as well as India’s gradually accelerating economic performance, smoothed away some of those obstacles. A joint venture for extraction of bauxite in Orissa was launched in 1992 and more were to follow. Two-way trade burgeoned in the following decade to reach US$24 billion in 2006, and showed potential of reaching US$40 billion by 2010 and the drafting of a regional trade agreement.  

Encouraging signs of normalization were jolted in May 1998, however, when India conducted five nuclear tests (Pokharan II) and China took exception to Defense Minister George Fernandes’ public remarks on China posing the greatest potential direct threat to India, together with sentences to the same effect contained in Prime Minister Vajpayee’s private letter to U.S. President Clinton. The letter cited the unresolved border problem and atmosphere of distrust with China and said, “That country has materially helped another neighbor of ours (Pakistan) to become a covert nuclear weapons state” that had launched three aggressions in the past 50 years. In light of China’s efforts after finally signing the Nuclear Non Proliferation Treaty in 1992 to identify itself with the “permanent five” great powers and distance itself from India—as was evident from its stances during negotiations for a Comprehensive Test Ban Treaty in 1996—it is likely that in May-June 1998 Beijing was reacting less to India’s actual tests than to Jiang Zemin’s desire to capitalize on Clinton’s forthcoming visit to China. In the event, the two presidents stood together in denunciation of South Asian nuclear tests as threatening an international nonproliferation regime and coordinat-ed passage of UN Security Resolution 1172. Indians predictably were offended by what they saw as an attempted great power condominium.

20 This called on India and Pakistan to cease nuclear activity and immediately sign the CTBT.
At the same time, Chinese analysts published articles denouncing “Indian hegemony” in South Asia. Beijing refused to discuss serious security matters, including Pakistan’s military capabilities, with India or recognize the objective reality of India as a nuclear weapons state.

Fence-mending commenced almost immediately with high-ranking members of the two governments making public statements that China was not a threat to India and that India was not a threat to China. Indian Foreign Minister Jaswant Singh narrates his first face-to-face meeting with his Chinese counterpart Tang Jiaxuan at Manila in July 1998 on the sidelines of an ASEAN Regional Forum meeting. Tang thumped the table and said that since India “had tied the knot it had better untie it also.” To which Jaswant Singh pleasantly responded, “You actually need two hands to untie a knot. You give your hand and I will give mine. And together, with two hands, we will untie that knot.”

The trend toward normalization launched in 1988 proved strong enough to overcome the hiccup of 1998. China did not commend Pakistan’s military adventure on the heights of Kargil across the Line of Control in Kashmir in 1999 and urged Islamabad to withdraw its forces (after India had repulsed them). By this time too India as well as China was experiencing rapid economic growth and engaging more meaningfully with all centers of political and economic consequence in Asia and the world. Especially important was Jaswant Singh’s year-long dialogue with U.S. Deputy Secretary of State Strobe Talbott that resulted in a better appreciation of India’s concerns in Washington, and began a process leading to a broad-based strategic partnership in 2005, which will be discussed later.

### Hopeful Signs

During the first decade of the 21st century, Beijing and New Delhi have continued their efforts to maintain peace and tranquility along the LOAC and at least reach a framework of agreement on their long bor-

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der. They have enlarged the scope of bilateral visits to include senior military officers, political figures, and “eminent persons” from all walks of life. They have encouraged bilateral trade and investment, despite complaints of “dumping” by India and “discriminatory treatment” by China, and their respective economies have continued with impressive growth rates. Both China and India have also strengthened ties with Asian countries beyond their immediate periphery, raising fears of “encirclement” among those preoccupied with national security, and inspiring hopes of a “shared neighborhood” among others.23 Memories of the ancient interactions among Asian peoples influenced by Buddhism, and sustained commerce along the northern and southern Silk Roads are being revived in many countries, from Kuwait to Japan.24 Consideration of future arrangements for Asian security are not absent, if not yet concretized.

Joint declarations issued on the occasions of Prime Minister Vajpayee’s visit to China in June 2003, Premier Wen Jiabao’s visit to India in April 2005, and President Hu Jintao’s visit to India in November 2006, show willingness to tackle the unresolved boundary question at the highest level and draft principles for its settlement. The border question not only involved claims to large areas of territory amounting to thousands of square kilometers, but also definitions of each state’s territorial integrity. Thus, China made strong demands on all others for explicit recognition of its sovereignty over Tibet and Taiwan; India was softer but no less determined to obtain recognition of its sovereignty over Sikkim—as also Jammu and Kashmir—even if implicit.

Vajpayee signed a bold statement: “The Indian side recognizes that the Tibet Autonomous Region is part of the People’s Republic of China and reiterates that it does not allow Tibetans to engage in anti-China political activities in India.”25 Though much criticized in some Indian


newspapers, the statement reflected a basic reality accepted by previous governments since 1954, had been exhaustively discussed with the Dalai Lama himself, who was engaged in negotiations with Beijing, and for the first time elicited a companion statement, “The Chinese side expresses its appreciation for the Indian position.” Agreement to open border trade across the Nathu La Pass implied China’s recognition of Sikkim as part of India and China’s official Web site and map dropped its incorrect listing of Sikkim as an independent kingdom. The two sides agreed to appoint Special Representatives to explore the boundary question “from a political perspective.” The Indian National Security Adviser has met his Chinese counterpart twice a year since then with a minimum of media coverage, but also without noticeable progress.

Whilst Wen Jiabao was in Delhi in April 2005 he signed an agreement with Prime Minister Manmohan Singh on the “Political Parameters and Guiding Principles for Settlement of the India-China Boundary Question.” It reaffirmed earlier commitments to maintenance of peace and tranquility, overall development of friendly relations, as well as the five principles of peaceful coexistence. It then set out the following principles: the two sides would “seek a fair, reasonable and mutually acceptable solution to the boundary question through consultations on an equal footing.” Both sides should “make meaningful and mutually acceptable adjustments to their respective positions . . . so as to arrive at a package settlement . . . that must be final, covering all sectors of the India-China boundary.” The two sides “will give due consideration to each other’s strategic and reasonable interests, and the principle of mutual and equal security.” They will take into account “historical evidence, national sentiments . . . and the actual state of border areas.” The boundary “should be along well-defined and easily identifiable natural geographical features” and the two sides “shall safeguard due interests of their settled population in the border areas.” Delineation would be carried out by joint surveys using modern cartographic practices. In light of the recent past, New Delhi had reason to be pleased. Indeed, events attendant on Wen Jiabao’s visit (in which the author participated) were carried out in an atmosphere of extreme cordiality.

25 All the Joint Declarations quoted in this section are available on the Web site of India’s Ministry of External Affairs, at http://mea.gov.nic.in.
with pledges to “learn from each other.”26 Among the many agreements reached was one on cooperation in securing energy security. China’s Petrochemical Corporation and India’s Oil and Natural Gas Corporation did indeed make joint bids for projects in Syria and elsewhere but the Chinese had deeper pockets and greater assertiveness than the Indians, making cooperation difficult. India’s suggestion that all Asian oil-consuming nations jointly negotiate with oil producers to stabilize prices and supplies was not implemented.

**Today and Tomorrow**

Any expectations of early and final settlement of the India-China boundary question were dashed on the eve of President Hu Jintao’s State Visit in November 2006. China’s Ambassador Sun Yuxi suddenly voiced his country’s claim to the whole of Arunachal Pradesh, and some Chinese academics working in government-supported think tanks described Arunachal Pradesh and other sub–Himalayan regions of India as “Southern Tibet.”27 Beijing back-pedaled in the face of a storm of protest and Hu’s visit proceeded as planned, with a reiterated commitment by both sides to expedite final settlement of the boundary as a “strategic objective” that would advance their basic interests in deepening and widening their relationship. A slew of agreements were signed, promoting trans-border connectivity, furthering defense exchanges, boosting cooperation in applied science and technology, revitalizing cultural ties,28 and expanding cooperation in regional and

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26 One of these events was a conference on “The China Miracle,” jointly sponsored by India’s Ministry of Commerce and Industry and the Confederation of Indian Industry, featuring highly placed figures in government and industry on both sides.


28 Enlarging academic exchange programs, constructing a memorial to Xuanzang in Nalanda, and an Indian-style Buddhist Shrine in Loyang, are of particular importance in our opinion because they recall 1,000 years of cross-cultural fertilization in the past.
international forums. A “Year of China India Friendship” had earlier been proclaimed in 2006 and following this, 2007 was declared a “Year of India-China Tourism.” But controversy was reignited in May 2007 when Beijing denied a visa to an officer of the Indian Administrative Service (IAS) belonging to the Arunachal Pradesh cadre, and New Delhi decided to cancel the visit of all 107 IAS officers to China for a mid-career training program.29

In the absence of archives or first-hand interviews we can only conjecture on the significance of this episode but view it as more than accidental. It is well-known that China had pressed India hard on ceding to it the Tawang district with its great monastery (in Arunachal Pradesh) and India had firmly resisted while pressing for return to it of areas close to the Karakoram Pass in Ladakh (western sector) occupied by China in 1962. Some in China may have wanted to jolt India out of any complacency following agreement on the principle of not disturbing settled populations in 2005 by demanding all of Arunachal Pradesh. It is also possible that China’s self-confidence with respect to Tibet and the general Himalayan region was running high. Talks with the Dalai Lama were stalled; an engineering marvel of a railroad linking Qinghai to Lassa was opened on July 1, 2006 and plans made to extend it southward to the border of Nepal;30 after decades of refusal, Bhutan had agreed to receive a Chinese envoy in Thump; in June 2006, amid great Chinese éclat, the Nathu La Pass (part of the ancient Silk Road and just 50 kms from Yadong) was opened to traders and travelers, albeit in limited numbers and for only part of a year; India had acquiesced in SAARC—inviting China, along with Japan and the United States, to become an observer member at the 2005 summit meeting in Dhaka. In turn, India—along with Iran, Mongolia and Pakistan—was given observer status in the Shanghai Cooperative Organization. China may have felt in ascendance; if so, it may have overplayed its hand. Drumbeats of a “China threat” were beating louder in India. New roads along the northern borders were being constructed as part of infrastructure development. Forces in the eastern sector were augmented;

and squadrons of India’s most potent multi-role fighter airplane, the Sukhoi-30MKI, were ordered to Tezpur in the northeast.\textsuperscript{31} India’s Chief of Army Staff publicly declared that no repetition of 1962 would be allowed. India’s indigenously produced long-range missile, the Agni III, was deployed to deter any attack from superior Chinese missiles and forces.\textsuperscript{32}

It is also possible that some Chinese proponents of an “India threat” may have taken alarm at the number of foreign dignitaries professing “strategic partnerships” with India. Europeans were more palatable to China than Japanese Prime Minister Junichiro Koizumi, who made a pathbreaking visit to New Delhi almost immediately after Wen Jiabao in 2005, or Shinzo Abe who signed many cooperative agreements with Dr. Manmohan Singh in December 2006 and the summer of 2007, and proposed a quadrilateral dialogue process on subjects of mutual interest among Japan, Australia, India and the United States. Naval vessels from those four countries conducted a series of exercises in the Bay of the Bengal in September 2007, building on the impromptu cooperation they had reached in carrying out rescue and relief operations after the devastating Indian Ocean tsunami of December 2004. China issued demarches to all four. Some Chinese strategic thinkers could have perceived a “Community of Democracies” (with the addition of Taiwan, perhaps) “encircling” China.\textsuperscript{33}

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\item The Times of India, Sept. 28, 2007.
There is little doubt that China was seriously disturbed by the declared intention of the Bush administration in 2005 to forge a “global partnership” with India and help that country attain its great power potential. Far-reaching agreements were signed on the occasion of Dr. Manmohan Singh’s visit to Washington in July 2005, including one on long-term defense cooperation, another on joint research and training in science, high technology, and space, creation of forums for much closer commercial and economic dealings, and one on bringing abut energy security, partly through civil nuclear cooperation. That necessitated legislative action by the U.S. Congress to amend laws banning the sale of nuclear materials or technologies to India—the new law was passed with strong bipartisan support in 2006—as well as U.S. help in obtaining international action by the Nuclear Suppliers Group to reach an exceptional arrangement with India—expected in late 2007—which was not a signatory to the Non-Proliferation Treaty (NPT). All aspects of this new partnership between the oldest and the largest democracies were reconfirmed when President Bush visited India in March 2006. But it is the cacophonous domestic politics in the two democracies rather than the resolve of governments that have threatened smooth implementation of the agreement on civil nuclear cooperation, regarded as crucial to a broader strategic partnership. At the time of writing, for example, the parliamentary leaders of India’s Communist Party (Marxist) or CPM are leading an agitation against ties with the United States and threatening to bring down the government on the issue of pursuing international civilian nuclear cooperation. Leading Indian political analysts predict a negative impact of CPM agitation on India-China relations.34

India and China in Asia and Beyond

Beijing’s disquiet may well stem less from international recognition of India as a “responsible state with advanced nuclear technology” that

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“should acquire the same benefits and advantages as other such states,” or its unsuccessful bid to win similar status for Pakistan—than from its interpretation of American behavior as symptomatic of “containing,” “hedging” or “managing” China. We too can observe the chronological coincidence of growing American interest in improving relations with India during the 1990s with growing anxiety about the “rising power” of China. Historical accounts of the rise and fall of great powers were studied. Some saw a conflict as inevitable. Conservative think-tanks saw U.S. national interest in preventing a grouping among China, Russia, and India—as was suggested by some proponents of “multipolarity” in those three countries. Both the Clinton and the Bush administrations amended their references to China from “adversary” or “strategic competitor” to “partner” and “responsible stakeholder” in the international system. U.S. relations with China and with India lie outside the purview of this paper and we note only that successive governments in New Delhi have refused to choose between the United States and China, that economic interdependence between China and the United States is sufficiently intimate to preclude deliberate rupture by either, and that Beijing and Washington have learned how to overcome crises and accept each other’s important roles in Asia.

Returning to the tension preceding Hu Jintao’s 2006 visit to India, whatever its causes, Beijing soon issued reassuring statements about

35 Phrases used in Joint U.S.-India Statement of July 18, 2005 and subsequently.
36 Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York: Random House, 1987) is the most thorough and has several successors with a similar theme.
38 Since 2000, regular trilateral meetings among officials and non-officials of China, India and Russia reportedly take place with explicit disclaimers of opposition to the United States.
reaching a fair and mutually beneficial settlement on the boundary question and both governments spoke of pursuing cooperation in all areas, including nuclear energy. Dr Manmohan Singh is expected to visit China in November 2007 and Mrs. Sonia Gandhi, leader of the United Progressive Alliance, has been invited separately. The words of a Chinese journalist seem apposite: “If you are weak and have problems at home or with your neighbors, China will push you; if you are strong and can carry others with you, China will not be an obstacle to India’s membership of the Security Council or the Nuclear Suppliers Group.”

Meanwhile, globalization has had varying impacts around the world, but many people and financial institutions were amazed at the performance of China and, more recently, India. The McKinsey Quarterly issued a special edition on China in December 2004 with a chapter titled, “China and India: The race to growth.” It became fashionable to compare two incomparables. The American journal Business Week published an issue titled, “China and India: What You Need to Know” on August 22, 2005 calling attention to the simultaneous, sustained, economic dynamism of two nations accounting for more than one-third of the world’s population. Many of the best articles published in the journal over a five-year period were reissued under a self-explanatory title, CHINDIA: How China and India are Revolutionizing Global Business (New York: McGraw Hill, 2007). The term “Chindia” was first coined by India’s Jairam Ramesh to express the possibilities of cooperation; the same sentiment was forcefully voiced by Chinese Premier Zhu Rongji when he visited Bangalore in 2002 and exclaimed that the combination of Chinese hardware with Indian software would be virtually irresistible in global markets. IT companies took up the challenge and the two-way flow extended to automobile making, banking, financial

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and other service industries such as entertainment, fashion and travel.

There are great differences between India and China even in pursuing similar goals of economic growth. Two brilliant scholars, India’s Tarun Khanna of Harvard University and China’s Yasheng Huang of the Massachusetts Institute of Technology, undertook joint research into the radically different approaches taken by China and India; China relied much more heavily on government direction, physical infrastructure, foreign direct investment and exports than India, whose growth was spurred mainly by domestic consumption and savings. They found different strengths and weaknesses in the two countries and published their initial findings under the provocative title, “Can India Overtake China?”44 Their subsequent field research shows that big companies from around the world increasingly do business in both countries and that many entrepreneurs (especially Korean) combine products from both these and other sources.45 Bilateral investment has been increasing as well. Ranbaxy Pharmaceuticals of India were solidly established in China and leading Indian Information Technology firms, such as Wipro, followed suit. Chinese companies were eager to bring their expertise in building infrastructure projects to use in India, where infrastructure lacunas are major obstacles to development, but found they were not welcome. In 2007 the Japanese pledged to build an industrial corridor traversing northern India. Southeast Asia, too, was changing.

China’s close, if sometimes troubled, relations with Southeast Asia through history, ethnicity, post-1978 flows of capital, and dialogue with ASEAN on many subjects of common interest are well-known. Chinese participation in the ASEAN Regional Forum (ARF) and membership in the Asia-Pacific Economic Cooperation (APEC) was constant from the time of their establishment. India’s cultural, ethnic and historical links with countries in Southeast Asia are also very strong, though underemphasized by all parties during the Cold War. Since 1991–92, however, India’s new “Look East” policy has fructified in Southeast Asia, leading

44 Tarun Khanna and Yasheng Huang, “Can India Overtake China?” Foreign Policy, July/August 2003, pp. 75–81.
it to become first a sectoral and then a full dialogue partner with ASEAN, participate in ARF meetings since the mid-1990s and take a place at the East Asia Summit in 2005. India’s bilateral trade with ASEAN as a whole increased from US$5.6 billion in 1998 to US$14.5 billion in 2004 and the upward trend continues. Investment in India by specific ASEAN countries—especially Singapore and Malaysia—is significant, while easier travel connections and many academic and other exchanges contribute to mutual understanding among businesses as well as officials and political leaders. India and Singapore signed a Comprehensive Economic Cooperation Agreement in 2005 setting out standards and rules that could be applied to an India-ASEAN free trade agreement, currently under discussion.

ASEAN motivations in making strenuous efforts to engage India are no secret. They are clear about wanting all significant nations—from the European Union to Japan, from China to Australia, and from India to the United States most especially—engage with them economically as well as politically. Japan was once referred to as a “lead goose” and now India and China are referred to as “the two wings lifting Asia.” Neither individual members nor ASEAN wish to become dependent on, or dominated by, any one power, notwithstanding their positive responses to China’s multifaceted policy of “peaceful development.”

India’s motivations in seeking greater cooperation with Southeast Asia are no secret either. The “Asian Tigers” were economic dynamos to be emulated to the largest extent possible. India was trying to emerge from Cold War constrictions within the Indian subcontinent to its natural geo-strategic position commanding the northern Indian Ocean and bridging the different regions of Asia. Many Indians were alarmed by China’s presence in the Bay of Bengal via roads and ports in Burma/Myanmar and the Cocos Islands and in the Arabian Sea via the new Chinese-built port of Gwadur in Pakistan. Countermeasures were necessary. More specifically, the long-neglected and landlocked northeastern states of India needed greater security from infiltration

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46 See David Shambaugh, ed., *Power Shift: China and Asia’s New Dynamics* (Berkeley, University of China Press, 2005) for excellent studies of China’s relations with other Asian countries. See also Zhao Hong, “India and China: Rivals or Partners in South East Asia?” *Contemporary Southeast Asia*, Vol. 29, Issue 1, pp. 121–42.
and insurgency, and rapid economic development through meaningful contact with neighboring states, including Burma/Myanmar and southwest China. Energy-hungry India too has tried but not yet succeeded in piping in petroleum from Myanmar and natural gas from Bangladesh. Toward the goal of greater integration, India—along with China—initiated some sub-regional groupings such as the BCIM (Bangladesh, China, India, Myanmar) and the Mekong-Ganges River Cooperation Project. Regular meetings are held at official and unofficial levels, but connectivity on the ground is painfully slow in coming.

Having neglected Burma after Ne Win’s 1962 military coup and subsequent expulsion of Indians, India supported the democracy movement of the 1980s in that country. When a military junta stamped out an uprising and took power in 1988, India gave sanctuary to tens of thousands of Burmese refugees, openly expressed sympathy for the National League for Democracy over All India Radio, demanded the unconditional release of Aung San Suu Kyi and conferred the Nehru Prize for International Understanding on her in 1991. Meanwhile, Burma’s military government reached comprehensive agreement with China.\footnote{See Bertil Lintner, “Burma and Is Neighbours,” in Surjit Mansingh, ed., \textit{Indian and Chinese Foreign Policies in Comparative Perspective} (New Delhi: Radiant Publishers, 1996), pp. 398–442.} Infiltration of arms, drugs and ethnic insurgents increased across the porous 1,380 km frontier with northeastern India and New Delhi’s envoy sent to discuss the issue was told, “How can we help you when you refuse to talk to us generals?”\footnote{Author’s personal interview with the envoy in question, New Delhi, 2002.} India changed its posture and, like ASEAN and Japan, attempted “constructive engagement.” India was invited to construct roads and undertake other projects within Myanmar and given indications that some members of the military junta wanted to lessen dependence on China. Repression in Myanmar has once again hit international headlines in the fall of 2007 and neighboring Asian countries are unwilling to do more than politely urge dialogue.

Myanmar is worth noting because it illustrates varying approaches and inherent dilemmas in issues of national, regional, international and human security. Myanmar’s neighbors take pragmatic rather than ideological positions and in the absence of tangible leverage avoid strident
rhetoric. If China is in a position to exert pressure on the military junta, it evidently does not choose to do so for the sake of a female non-violent leader of a democratic movement, any more than it is willing to make concessions to another symbol of non-violence, the Dalai Lama. India expressed concern and urged Myanmar’s regime to become inclusive, but is also worried about losing the modest gains made since 1992. And ASEAN members have been the most articulate proponents of “Asian values” and the “Asian way”—soft-voiced, non-militarist, non-confrontational, and infinitely patient in building consensus.49 SAARC too seeks consensus and speaks of “comprehensive security” bringing equal gains to all. India and Pakistan have engaged in a “composite peace dialogue” that appears to be having positive results, even in strife-torn Kashmir. In short, many Asian leaders show a willingness to deal with basic realities and practice some version of “peaceful coexistence,” while pursuing economic growth.

At the same time, the international security of the Asia-Pacific region since the 1950s has rested on the naval and military presence of the United States and its bilateral agreements with several littoral countries. China and the United States have learned to manage periodic crises and actively cooperated in recently negotiating a peaceful resolution of the problems posed by North Korea’s nuclear aspirations. India’s defense cooperation with the United States is growing and the Indian naval role in protecting sea lines of communication and the vital oil tanker traffic across the Indian Ocean is widely acknowledged.50 Asian regional organizations are expanding their membership and the scope of their discussions, but none of them are structured along European lines or equipped to deal with problems by means other than consultation and dialogue. The future cannot be predicted but civil society and governmental concerns with issues of human security, including environmental and energy security, clearly indicate a need for greater cooperation, rather than conflict.

Conclusion

This brief survey of India-China relations leads to the following conclusions: The two countries have made very great progress in surmounting their problems rooted in the 20th century and are both determined to seek continued economic development in a peaceful environment. The risk of large-scale military conflict between them in the near future is low. Both China and India seek and have formed relationships with countries beyond their immediate peripheries and have come to recognize the possibility, perhaps the necessity, of “shared neighborhoods.” Pakistan continues to be a wild card with a negative impact on India-China as well as India-U.S. relations, but its capacity to create trouble may have been reduced by its own internal problems, as well as progress in the India-Pakistan composite peace process. The United States remains the preponderant military and economic global power, despite recent damage to its moral influence, and all countries, including China and India, try to cultivate close relations with it. The United States is home to large numbers of highly skilled and influential persons of Indian and Chinese origin, some of whom are personally committed to helping tackle the pressing problems of today through cooperation among all three states. We referred at the start to Jawaharlal Nehru’s deep conviction of the possibility of and necessity for India-China friendship. We call attention in conclusion to Deng Xiaoping’s similar conviction, as quoted by Chinese Ambassador Sun Yuxi, saying, “Only when China and India develop well, can one claim that the century of Asia has come.”

51 Peoples’ Daily, March 31, 2006.