

Topic Overview: China's Relationship with India

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Being the two most populated countries in the world, India and China are bound together by their necessity for trade and their close proximity. This proximity however, can lead to competing interests and in some cases has led to war. Currently, the two nations engage in joint military exercises but are always weary of each other. Much of their strategic differences lie in the control of Kashmir. India claims the Kashmir region as sovereign territory and that China is occupying part of it illegally. Pakistan also claims part of Kashmir, a claim supported by China. China is also India's largest trading partner as trade continually grows between the two massive producers.

Background

Modern Sino-Indian relations is speckled with small conflicts and border disputes. India's military is severely underwhelming and has suffered defeat at the hands of the Chinese. The Sino-Indian War in 1962 was the result of a border clash in the Kashmir region. Chinese troops occupied Indian territory and handedly defeated the Indian troops. There were several more border clashes in the 1960s. Overarching the actual conflicts, was Chinese support for Pakistan, particularly during the 1965 Indo-Pakistani War. China supported Pakistan during the series of border fights that constituted the war. India resented this heavily because of the deep rivalry between India and Pakistan. A ceasefire was declared rendering the war inconclusive. Sino-Indian relations have improved since the armed conflicts, but there is still an uneasiness regarding the Kashmir region. There have been several instances of military buildups leading to bilateral agreements. Meanwhile, as tensions ease, trade increases leading to many business deals between companies in both nations.

Key Terms

Kashmir: "Is a region of the northwestern Indian subcontinent. It is bounded by the Uygur Autonomous Region of Xinjiang to the northeast and the Tibet Autonomous Region to the east (both parts of China), by the Indian states of Himachal Pradesh and Punjab to the south, by Pakistan to the west, and by Afghanistan to the northwest. The region, with a total area of some 85,800 square miles (222,200 square km), has been the subject of dispute between India and Pakistan since the partition of the Indian subcontinent in 1947. The northern and western portions are administered by Pakistan." – Encyclopedia Britannica

BRICS: The five major emerging national economies of Brazil, Russia, India, China and South Africa.

Strategic Interests

China and India have agreed to a "strategic and cooperative partnership for peace and prosperity." Over the past 5 years, the two nations have been cooperating on a number of issues such as international policy, trade, and military exercises. India hopes this growth in friendship will cause a rift between China and Pakistan, long standing partners, to resolve the Kashmir dispute. China hopes to keep its attention directed towards the East instead of worrying about India. Additionally, Sino-India cooperation would pull India's interests further from the U.S. However, the issue of Kashmir still remains and both have encountered military scares since the boost of cooperation showing that border tensions are still a thorn in their sides.

Strategic Partnership Established in 2005

(Xinhuanet [A major Chinese news source], "China, India agree on strategic partnership," http://news.xinhuanet.com/english/2005-04/12/content_2819593.htm, April 12, 2005)

The statement, signed by visiting Chinese Premier Wen Jiabao and Indian Prime Minister Manmohan Singh, said that the two premiers agreed that China-India relations have now acquired a "global and strategic character." Wen is paying an official visit to India from April 9 to 12 at Singh's invitation, the last leg of his four south Asian nation tour which has also taken him to Pakistan, Bangladesh and Sri Lanka. "The leaders of the two countries have, therefore, agreed to establish a China-India Strategic and Cooperative Partnership for Peace and Prosperity," the statement said. "Such a partnership is based on the principles of Panchsheel, mutual respect and sensitivity for each other's concerns and aspirations, and equality; provides a sound framework for an all around and comprehensive development of bilateral relations based on mutual and equal security, development and prosperity of the two peoples; and contributes to jointly addressing global challenges and threats," the statement said. According to the statement, the two sides agreed that China-India relations have entered a new stage of comprehensive development.

Shared Strategic and Political Interests

(Jeff M. Smith, is the Director of South Asia Programs and Kraemer Strategy Fellow at the American Foreign Policy Council, "India and China: The End of Cold Peace?," The National Interest, <http://nationalinterest.org/commentary/india-china-the-end-cold-peace-9853>, February 10, 2014)

Today China and India are more politically and economically engaged than at any time in recent history. Bilateral trade expanded sixty-seven-fold from 1998 to 2012, and the Chinese and Indian armies held their first-ever joint military exercise in 2007, followed by two more in 2008 and 2013. They have periodically found common agendas on global issues of mutual interest like world trade talks, climate-change negotiations, the primacy of state sovereignty, and the need to reform global-governance institutions.

China and India want Cooperation

(Tanvi Madan, is a fellow in the Project on International Order and Strategy in the Foreign Policy program at the Brookings Institution, and director of The India Project, "India's Relations with China: The Good, the Bad and the (Potentially) Ugly," The Brookings Institute, <http://www.brookings.edu/research/opinions/2013/10/08-india-china-relations-madan>, October 2013)

The governments of both countries have reasons for wanting stable ties: the desire for a peaceful periphery in order to focus on domestic socio-economic objectives; the need for stability in South Asia, especially with the impending American drawdown of forces from Afghanistan; existing and potential economic ties; and the prospect for cooperation in the multilateral realm. For Delhi, in addition, a stable relationship with China opens up the possibility that Beijing might use its leverage with Islamabad to shape Pakistan's behavior in a way that might benefit India. For Beijing, there's desire to limit India's burgeoning relationships with the United States and Japan, as well as with other countries in what Beijing considers its backyard. Moreover, as China is preoccupied with eastern maritime disputes and the North Korean situation, stable relations on its southern and southwestern flank would also help the Chinese leadership.

Border Dispute is Still a Major Problem

(Tanvi Madan, is a fellow in the Project on International Order and Strategy in the Foreign Policy program at the Brookings Institution, and director of The India Project, "India's Relations with China: The Good, the Bad and the (Potentially) Ugly," The Brookings Institute, <http://www.brookings.edu/research/opinions/2013/10/08-india-china-relations-madan>, October 2013)

This year has, however, also shown how quickly the bad in the relationship can steal the spotlight from the good—with the potential to turn ugly. In April, less than two weeks after an Indian observer commented on the "upswing in relations" between China and India, their long-standing boundary dispute flared once again. While the two countries communicated through the crisis and resolved it diplomatically, and Li's visit proceeded as planned, the border incident reinforced the mistrust that many in India feel toward China and its intentions. Furthermore, it was a reminder that despite increased engagement, bilateral differences have the potential to stall, if not reverse, progress toward more stable relations.

The U.S. Must be Delicate

(Tridivesh Maini, is a senior research associate with The Jindal School of International Affairs, OP Jindal Global University, Sonapat, Haryana, and an Asia Society India-Pakistan Regional Young Leaders Initiative, "What the US Gets Wrong About India's Relationship With China," The Diplomat, <http://thediplomat.com/2016/03/what-the-us-gets-wrong-about-indias-relationship-with-china/>, March 13, 2016)

I met off-the-record with about 40 strategic analysts and policymakers in Washington, D.C., during a SAV visiting fellowship at the Stimson Center. Some Americans, I found, had a good grasp of South Asian politics, while others were way off the mark. Perhaps the greatest misconception I came across in D.C. concerns the India-China relationship. Most conversations focused on the contentious aspects of the relationship, and ignored an unnoticed transformation taking place between Beijing and Delhi. If Americans fail to recognize the nuances in the relationship between China and India, their Asia policy is

bound to be heavy-handed and Washington could lose an opportunity to shape regional politics in a positive way.

Cyber Attacks

(Indrani Bagchi [The Times of India], Diplomatic Editor at The Times of India, "China mounts cyber attacks on Indian sites," The Times of India, <http://timesofindia.indiatimes.com/india/China-mounts-cyber-attacks-on-Indian-sites/articleshow/3010288.cms>, May 5, 2008)

China's cyber warfare army is marching on, and India is suffering silently. Over the past one and a half years, officials said, China has mounted almost daily attacks on Indian computer networks, both government and private, showing its intent and capability. The sustained assault almost coincides with the history of the present political disquiet between the two countries.

According to senior government officials, these attacks are not isolated incidents of something so generic or basic as "hacking" — they are far more sophisticated and complete — and there is a method behind the madness.

Publicly, senior government officials, when questioned, take refuge under the argument that "hacking" is a routine activity and happens from many areas around the world. But privately, they acknowledge that the cyber warfare threat from China is more real than from other countries.

The core of the assault is that the Chinese are constantly scanning and mapping India's official networks. This gives them a very good idea of not only the content but also of how to disable the networks or distract them during a conflict.

Economy

Having become India's largest trading partner, China continues to grow its trade relations with India, which it sees as important to increasing cooperation in other political areas. There are hurdles connected to the historical rift between the countries that are inherent problems. They are trying to overcome these issues that discourage Indian companies from engaging with China, however, all is overshadowed by a looming trade deficit which worries Indian economists.

BRICS Development Bank

(Ram Kumar Jha and Saurabh Kumar [The Diplomat], "The Case for Stronger India-China Economic Relations," The Diplomat, <http://thediplomat.com/2015/05/the-case-for-stronger-india-china-economic-relations/>, May 21, 2015)

A year later, China and India were among 21 Asian countries to sign on to a new infrastructure investment bank (the Asian Infrastructure Investment Bank, or AIIB), which would compete with the World Bank. An Indian has already been tapped to lead the BRICS Development Bank, which will be based in Shanghai with starting capital of \$50 billion.

China is India's Largest Trade Partner

(The Times of India, "China emerges as India's top trading partner: Study," The Times of India, <http://timesofindia.indiatimes.com/business/india-business/China-emerges-as-Indias-top-trading-partner-Study/articleshow/31268526.cms>, Mar 2, 2014)

India's eastern neighbour China has emerged as its biggest trading partner in the current fiscal replacing the UAE and pushing it to the third spot, according to a study conducted by PHD Chamber of Commerce.

India-China trade has reached \$49.5 billion with 8.7% share in India's total trade, while the US comes second at \$46 billion with 8.1% share and the UAE third at \$45.4 billion with 8% share during the first nine months of the current fiscal, the study revealed.

Trade Deficit Problem

(The Economic Times, "India-China trade deficit at \$44.7 billion in April-January," The Economic Times, <http://economictimes.indiatimes.com/news/economy/foreign-trade/india-china-trade-deficit-at-44-7-billion-in-april-january/articleshow/51223260.cms>, March 2, 2016)

Trade deficit between India and China has increased to USD 44.7 billion during April-January period of 2015-16, Parliament was informed today.

India's exports to China stood at USD 7.56 billion during the period whereas the imports has jumped to USD 52.26 billion in April-January.

In 2014-15, the deficit was aggregated at USD 48.48 billion.

The Commerce Ministry's of both the countries have signed a Five-year Development Programme for Economic and Trade Cooperation in September 2014 to lay down a medium-term roadmap for promoting balanced and sustainable development of economic and trade relations, Commerce and Industry Minister Nirmala Sitharaman said in a written reply to the Rajya Sabha.

The programme recognises "that the trade deficit with China is a matter of high concern for India", she said.

Economic Hurdles

(Tanvi Madan, is a fellow in the Project on International Order and Strategy in the Foreign Policy program at the Brookings Institution, and director of The India Project, "India's Relations with China: The Good, the Bad and the (Potentially) Ugly," The Brookings Institute, <http://www.brookings.edu/research/opinions/2013/10/08-india-china-relations-madan>, October 2013)

Economic ties, which many envisioned as the driver of good Sino-Indian ties, have also not escaped trouble. Bilateral trade in goods actually fell almost 10 percent from 2011 to 2012. In India there's much concern about the trade imbalance. The overall trade deficit has gone from \$28 billion in 2010-2011 to \$40.8 billion in 2012-2013. While investments have grown, they remain limited compared to the investment relationships that both China and India have with other countries. In India, there have also been complaints about market access in China and the treatment of Indian labor there, concern about Chinese investment in "strategic" sectors in India, accusations about visa abuses by Chinese companies and restrictions on Chinese labor. Indian companies also privately express concerns about cyber-espionage. Overall, reports of cyber-attacks on Indian government and military networks—allegedly emanating from China—have done nothing to decrease distrust that persists, especially among the public.