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Can India and China escape their recent history and reshape their engagement?

By: Manoj Joshi

India-China relations need to be seen through the four filters of co-operation, competition, conflict and containment. The softening of tensions after the 2018 Wuhan summit gives the two countries an opportunity to manage the four “Cs” to their mutual benefit.

Not surprisingly, India-China relations figured only peripherally in the 2019 general elections. The Chinese decision to lift its hold on placing Jaish-e-Muhammad chief, Masood Azhar, on the list of terrorists of the the Al Qaeda and Taliban Committee of the United Nations (UN), also known as the 1267 Committee, was a somewhat late foray on the part of Beijing to add its bit to the already full-spectrum Narendra Modi campaign. But it is unlikely to have made much of a difference electorally.

It is not that there are no major issues between the two countries—the disputed border is a perennial one, as is the China-Pakistan relationship. Even then, they did not form part of the electoral discourse. This is a bit surprising. Security was the big theme in the Bharatiya Janata Party ‘s (BJP’s) election campaign, and surely China is a major challenge to India’s security. But in electoral terms, the prize there goes to Pakistan. Bashing Islamabad diplomatically, or bombing it literally, has played well with north Indian audiences.

The BJP is aware of this and it is not a surprise that its government's two actions against Pakistan -- the so-called surgical strike of September 2016 and the Balakot strike -- were connected to elections. The first to the Uttar Pradesh s assembly poll of February 2017 and the second to the 2019 general elections. Equally serious, Jaish-e-Muhammad attacks in Pathankot in early 2016, or on Nagrota, the headquarters of the 16 Corps near Jammu, or on Pulwama’s police lines in 2017, or on the Sunjuwan cantonment, again near Jammu, in early 2018, merited no response.

Background

Contemporary relations between India and China began with the successful handling of the 1986-87 crisis that led to Prime Minister Rajiv Gandhi’s visit to Beijing in 1988. Its important consequence was a regime of Confidence Building Measures (CBMs) adopted by the two countries, pending a resolution of their long-standing border issue. Here, the "Agreement on the Maintenance of Peace and Tranquillity along the Line of Actual Control (LAC) in the India-China Border Areas" (also known as the BPTA, or the [Border Peace and Tranquillity Agreement](#)) of September 1993 was the key development ¹.

This BPTA was a far-reaching move that was seen as a first step in transforming the LAC into a normal border. Indeed, it marked the first time when India actually accepted that there was a LAC. First, it sought to promote peace and tranquillity through specific modes of conduct of the two armed forces. Second, it called for a reduction of the forces of the two sides to a “minimum level” and deployments based on the principle of “mutual and equal security”. This force reduction would be done over time through mutual consultations.

Since there were differing perceptions on where the LAC lay, the agreement also committed the two sides to jointly check and determine the parts of the line “where they have different views as to its alignment.” This was the mother agreement. Subsequently, there were several others over the decades, beginning with the [1996 Confidence Building Measures](#) in the Military Field Along the Line of Actual Control in the India-China Border Areas, which specifically addressed the CBMs in the military area along the LAC. However, by the 2000s, the momentum provided by these agreements had waned. The important effort to obtain clarification of the LAC had been derailed by Chinese objections. In the wake of Prime Minister Atal Bihari Vajpayee’s successful visit to Beijing in 2003, China and India therefore agreed that there was need for some political direction to the talks, and they decided to appoint Special Representatives (SRs) who would lead the process. As a measure of the importance India attached to the process, the prime minister decided to appoint his principal secretary and national security advisor, Brajesh Mishra, as the Indian SR. The Chinese appointed Dai Bingguo, a senior politician and diplomat whose effective job was as national security advisor to the President Hu Jintao.

China-India relations can be seen through the filters of the 4 Cs—cooperation, competition, conflict and containment.

The two SRs, who have changed over time, have held 21 rounds of talks since 2003, the last time in November 2018. Initially, there were expectations that the two sides would resolve the border issue quickly. This got confirmation of sorts when, during the visit of Premier Wen Jiabao in 2005, building on the work of the two SRs, the two governments arrived at a far-reaching [agreement](#) on the “Political Parameters and Guiding Principles for the Settlement of the Border Question”. Article VI of the agreement said that the boundary should be “along well-defined and easily identifiable natural geographical features”, something that India had been arguing for a while. But of greater significance were Articles IV and VII of the agreement. The former said that a settlement would “take into account” the strategic interests of the other, while the latter noted that it would “safeguard” the interests of settled populations of the border areas. To many it suggested that it could quickly yield a framework for working out their border settlement based on a rough exchange of their claims.

However, this process too soon ran out of steam. At the time that Dai Bingguo was set to retire as the SR in 2013, the two sides sat down and recorded the fact that they had an 18-point consensus on the framework that could be drawn up to resolve the border dispute. But moving beyond that towards actually signing a framework agreement has been difficult. However, the Doklam crisis did give us some glimpses of what the two sides were ready to agree on, such as the need to clarify trijunctions with other countries, or accepting the watershed as the basis of alignment in Sikkim.

China-India relations can be seen through the filters of the 4 Cs—cooperation, competition, conflict and containment. The two sides cooperate extensively, as is indicated by their common membership in bodies like the Asian Infrastructure Investment Bank (AIIB), the Shanghai Cooperation Organization (SCO), BRICS, ASEAN Defence Ministers Meeting (ADMM) Plus, ASEAN Regional Forum (ARF), and so on.

They compete as well, though over time, economically at least, China has moved decisively ahead of India. Politically, they still compete for influence in the South Asia and the Indian Ocean Region (SA-IOR) and other parts of the world.

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As for conflict, the most obvious manifestation is in the disputed 4,000-km border which is marked by a notional LAC. But there is conflict too, in China’s military relationship with Pakistan, which is aimed at keeping India off-balance.

As for containment, Beijing believes that India is moving towards becoming part of a US-led coalition to contain China, while New Delhi feels that China’s policies are aimed at containing India in South Asia.

China’s accession to the WTO in 2000 gave a fillip to [Sino-Indian trade](#) which rose from an annual \$0.2 billion in 1990 to \$3 billion in 2000 and \$51.8 billion by 2008 and by 2011 it had reached \$73.9 billion. Though this was weighted heavily in favour of China, which exported electrical machinery, fertilisers and organic chemicals, while India exported diamonds, cotton and iron ore.

The Belt and Road Initiative (BRI) has had an impact on India at two levels – the geopolitical and the economic. Sharply enhanced Chinese economic loans and grants to countries on India’s periphery have enhanced Beijing’s role in India’s neighbourhood. New Delhi worries that this could also be accompanied by an increase in Chinese political influence in countries like Sri Lanka, Bangladesh, Nepal and Maldives and possibly lead to Chinese military influence there as well.

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However, the Indian view, first put across by then Foreign Secretary S Jaishankar, was to ask whether connectivity would be built through “consultative processes or more unilateral decisions”. He had said that the world could not be unaware that a certain amount of hardwiring had already been done by the BRI to the exclusion of others².

Subsequently, on the eve of the first BRI Forum held In Beijing in 2017 an Indian spokesman said that India was boycotting the event because it believed that “connectivity Initiatives must be based on universally recognised international norms, good governance, rule of law, openness, transparency and equality.” More Important, they must “follow principles of financial responsibility to avoid projects that would create unsustainable debt burden for communities”³. The Indian critique was taken up and amplified by other countries like the United States (US) subsequently compelling a relook at several BRI projects in the region.

The Xi-Modi Relationship 2014-2018

When Narendra Modi took office in 2014, there were expectations that China and India would be able to quickly resolve the Sino-Indian border issue. Both were headed by strong leaders who were focused on economic issues. In their first summit in September 2014, Narendra Modi and Xi Jinping announced a Development Partnership to build upon the 2005 Strategic and Cooperative Partnership.

But the signs of trouble were already there. China made an audacious move in 2014 when, during the XI visit, there was a major intrusion in a sensitive Indian area of Chumur, on the Himachal-Ladakh-Tibet trijunction. Later, on the eve of Modi's return May 2015 visit to China, Beijing upgraded its alliance with Pakistan following the announcement of the China Pakistan Economic Corridor (CPEC) and a promise of \$46 billion investment.

Modi's visit was largely uneventful except for his failure to persuade China to move on its relationship with India, especially on the border issue which we will examine below.

In 2016, relations between the two cooled further. In April, China had blocked Indian efforts to have Pakistani terrorist Masood Azhar placed on the UN's 1267 Committee list. In May it formally opposed India's efforts to join the Nuclear Suppliers Group (NSG). This despite Modi personally taking it up with Xi at the sidelines of the SCO meeting in Tashkent on the eve of the Seoul plenary of the NSG.

It is not as though India was not doing things. In 2014, the head of the Tibetan government in exile had been invited for the Modi inaugural. In April 2016, New Delhi allowed a clutch of anti-China activists to meet in Dharamsala, but at the last minute denied a visa to an Uighur leader, Dolkun Issa. The Dalai Lama was invited to attend a Rashtrapati Bhavan function in December 2016 and later permitted to go to Tawang in early 2017 where he was met by two union government ministers. The US ambassador had been permitted to visit Tawang the year before, in October 2016. India had brushed aside Chinese protests on this issue.

The Border

In his talks with Xi Jinping before Doklam, Modi had quite insistently raised the border issue. During Xi's visit to India in 2014, he had raised it twice. Once after a private dinner in Ahmedabad, the second time during the official dialogue at Hyderabad House in New Delhi the next day. In between it had been raised by External Affairs Minister Sushma Swaraj when she called on Xi before the official talks. Modi had told Xi in "unambiguous and unequivocal terms" that the border impasse needed to be fixed. [In his view](#), the two countries needed to get beyond the issue if they were to cooperate for a new Asian century.

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This received confirmation of sorts when in his [press statement](#) following the talks, Modi noted that he had raised "serious concern" over the repeated incidents along the border and while the CBMs had generally worked well "I also suggested that clarification of Line of Actual Control would greatly contribute to our efforts to maintain peace and tranquility." In this context he said he had asked Xi "to resume the stalled process of clarifying the LAC" even while seeking an early settlement to the boundary question.

Xi side-stepped the Modi suggestion and even explained away the Chumur incidents, noting that both sides were quite capable of managing the situation. As for the border, the two sides could settle it through friendly consultations. He reiterated the point [in a speech](#) at a function organized by the Indian Council for World Affairs noting that "through friendly negotiation, the two countries should strive to find a solution that is fair and acceptable to both sides."

Nine months later, in May 2015, in his first official visit to China as the prime minister, Modi [continued to pursue the idea](#) of "the importance of clarification of Line of Actual Control" as part of a wider menu of CBMs and the overall settlement.

[In his address to the Tsinghua University](#), Modi gave primacy to the border issue which, he said, must be resolved "quickly." A resolution, he said, would have a transformative effect on the relationship. He said though the two sides had managed the issue well and protocols and border mechanisms had been helpful, but there was always "a shadow of uncertainty" in the region "because neither side knows where the Line of Actual Control is in these areas." It is for that reason, he said, that he had proposed a resumption of the process of clarifying the LAC "without prejudice to our position on the boundary question."

The Chinese were not pleased with Modi's push on the border and, in fact, in his meeting with Modi, Li Keqiang took an uncompromisingly tough line on the issue and ignored the suggestion. But an [official reaction came through Huang Xilian](#), the Deputy Director General of the Asian Affairs Department of the Foreign Affairs Ministry who said that China wanted the two sides to agree on a “Code of Conduct” to deal with the problems of transgressions along the parts of the LAC that were unclear. He said that the clarification process had been tried some years earlier “but it encountered some difficulties.”

Doklam

Relations reached a breakdown point in mid-June 2017 when Indian forces prevented China from building a road in the Doklam region, which India sees as belonging to Bhutan though it is claimed by China. The Indian action was strongly motivated by the fact that the road would have enabled Beijing to take control of the Zampheeri ridge which overlooks the Siliguri Corridor. The Doklam standoff lasted from 16 June to 28 August 2017 during which time Chinese rhetoric was vitriolic with the threat of war. Meetings at the leadership level defused the crisis.

In the midst of the crisis on 7 July in a brief meeting at the sidelines of the G-20 summit, Modi and Xi agreed that talks would be held at the official level to resolve the standoff. On July 27, National Security Adviser (NSA) Ajit Doval, who is also the SR for China, was in Beijing for a meet of BRICS officials and took the opportunity to hold discussions with his counterpart, State Councillor Yang Jichei.

The disengagement in Doklam at the end of August 2017 enabled Modi to travel to Xiamen for the BRICS summit in September. China was also keen on a compromise because the threat of an Indian boycott of the summit would have been a serious development. It was at this summit that China allowed the naming of the Jaish-e-Muhammad and Lashkar-e-Tayyeba in the summit declaration's section on terrorism. The instructions given by Modi and Xi following their meet at the sidelines of the summit, led to the formal meeting of the SRs, the 20th in the series on 20 December, where the informal summit proposal was first mooted. The Chinese SR, Yang Jichei, had just been promoted to the Communist Party of China (CPC) Politburo at the 19th CPC Congress.

On February 23, 2018 Foreign Secretary Vijay Gokhale was sent to Beijing to inform the Chinese that (a) India would abjure from using the Tibet card as it had been using for the past four years, and (b) that it had no intention of intervening militarily in the Maldives, and expected China to do the same as a matter of strategic trust. Both sides also agreed to instruct their respective forces to cool things along the LAC ⁴.

This set the stage for the next move in the Sino-Indian relations: the Wuhan Summit. Following their December 2017 meeting, Doval and Yang met again at the sidelines of an SCO meeting in Shanghai in mid- April 2018 to work out the final details for the Modi-Xi summit to be held in the Chinese city of Wuhan on 27-28 April 2018.

Wuhan Summit

The Wuhan summit inaugurated a new era of diplomacy where the top leaders of India and China decided that they needed to meet more frequently and do it in a way that involved going into much greater detail in their relationship, free from the constraints of protocol.

They held six rounds of talks, including four that were one-to-one with only interpreters present, reflecting a mutual belief in the value of personal diplomacy. Their talks covered a great deal of ground, enabling better understanding of each other's perspective on developments both in their respective countries and the world around them.

Wuhan should be seen as the beginning of a new process in the relationship, just as the ones established by the visits of Rajiv Gandhi in 1988 and Atal Bihari Vajpayee in 2003.

What the summit also accomplished was to show the world that China and India may have troubled relations, but their leaders also had the maturity to understand when things were getting out of hand and exercise political will to do something about it. That the two countries also signalled that they did not want to have any clash through miscalculation or misunderstanding.

In that sense, Wuhan should be seen as the beginning of a new process in the relationship, just as the ones established by the visits of Rajiv Gandhi in 1988 and Atal Bihari Vajpayee in 2003.

In practical terms, the Wuhan meet sought to develop, as both their press-releases noted, “a common understanding on overarching issues of bilateral and global importance.” Likewise, both their press releases noted that they viewed themselves as major powers with decisional and strategic autonomy. A restatement of India’s “strategic autonomy” in the context of India’s growing relationship with the US was a useful signalling exercise.

The two immediate fall-outs of this were the cooling down of the border face-offs. The first was that both armies received clear instructions to maintain peace and tranquility and avoid aggressive patrolling tactics and follow the 2005 protocol in dealing with the PLA on the border.

The second was the toning down of the Indian rhetoric vis-à-vis China. India has since avoided significant comment on the BRI, which it had publicly criticized earlier. Of greater interest, perhaps, was that Prime Minister Narendra Modi’s maiden speech to the Shangri-la Dialogue pointedly referred to the Indo-Pacific as a geographic construct, not a political one.

In practical terms, the Wuhan discussions also led to the Chinese agreeing to import more raw sugar and non-Basmati rice from India. New Delhi also pushed Beijing to encourage the import of Indian pharmaceuticals in a bid to cut the trade deficit.

Wuhan II

The set of issues taken up in the above outline of the Sino-Indian interaction has been shaped by the belief that some of them will have a salience in the coming period.

A couple of months from now, perhaps in October, the two leaders are expected to meet for the second round of their new informal consultation process. This time it is likely to be in a destination in India, possibly Varanasi.

China is looking for friends and allies across the world and Modi certainly has the opportunity to leverage the situation to India’s benefit.

A lot has happened in the past one year and more. Politically Modi will be going into the talks with an upper hand with a significant electoral victory behind him. While Xi would be there after a year in which China’s relationship with the US has developed an adversarial character as a result of the decision of the US to class the former as a strategic competitor. China is looking for friends and allies across the world and Modi certainly has the opportunity to leverage the situation to India’s benefit.

Wuhan II is likely to yield an even greater softening of the Sino-Indian situation. Both India and China now see that while elements of cooperation, competition, conflict and containment exist in their relationship, there is benefit to be had through their effective management. The key is careful balancing of the kind that is sought to be achieved through the Wuhan process. The importance is of not allowing mistrust and misunderstanding and, to this end, direct communication at the leadership level is important.

China has begin signalling that it could be ready to consider the proposal for a clarification of the LAC in the dozen or so places where the claims of the two sides overlap.

On the table for Wuhan II are relatively minor issues like India’s membership at the NSG as well as the more significant ones relating to the border dispute, China’s relationship with Pakistan, its relationships in the SA-IOR, India’s approach to the BRI, and the ongoing trade and technology clash between the US and China.

Many of the issues form part of the normal ongoing discourse between two neighbours. But movement in two areas could be of significance. The first is the border where China has begin signalling that it could be ready to consider the proposal for a clarification of the LAC in the dozen or so places where the claims of the two sides overlap. Needless to say, this is without prejudice to the final settlement of the border.

The second is India’s agreement to move ahead on the Bangladesh-China-India-Myanmar (BCIM) Corridor. Recently [China removed it](#) from the list of schemes that come under the rubric of BRI. Possibly, the BCIM Corridor could be renamed as the “BCIM Project” and thus enable India to participate in China’s overseas infrastructure endeavours without being seen to have given up its objections to the BRI. Significantly, the idea of cooperating in third countries was one of the outcomes of Wuhan I, though it was confined to a single country, Afghanistan.

Conclusions

Wuhan II will give us a good indicator as to the direction of Sino-Indian relations in the short and medium term. A qualitative push to enhance the quality of CBMs on the LAC, an effort to close the gap between the two countries in relation to Pakistan and closer economic cooperation could have important geopolitical consequences for the SA-IOR region.

The challenge for India is to maintain a balance in the competitive and cooperative elements of our relationship with China. Unfortunately, India's own poor performance in the economic and military fields has led to a widening gap between them, requiring New Delhi to reach out to external players like the US to maintain a balance of power. This, of course, feeds into the dynamic generated by the border dispute and China's relationship with Pakistan.

Even as China and India reshape their engagement, India is deepening its ties with the US.

There are many upsides for India maintaining its traditional policy of being the swing power in the Indo-Pacific. Working with the US to check Chinese power gives New Delhi more geopolitical room than it would have on its own.

On the other hand, engaging China enables India to prevent or deflect zero-sum outcomes relating to Beijing in its immediate neighbourhood in SA-IOR. India still has a huge infrastructure deficit and China can assist India in overcoming it. Cheaper Chinese products, especially in the telecom have enabled India to roll out internet services at rock bottom prices. There are other important complementarities between the two countries that await discovery.

China will, no doubt, continue its steady penetration of the SA-IOR region, but engagement can ensure that this process is not used to undermine India's security interests. As we pointed out, India has already frontloaded its commitments not to use the Tibet card and to abjure from military intervention in the Maldives. In the past year, India has tamped down its criticism of the BRI. India also pointedly did not invite Australia to join the latest iteration of the Malabar exercise in Guam earlier this year.

The Chinese decision to cool things down in the LAC, maintain status quo in Doklam, sanction Masood Azhar and avoid treading on Indian sensitivities in Sri Lanka and Maldives, could mark a new directions in their South Asian policy.

Meanwhile, the Wuhan I decision to work on a joint project in Afghanistan appears to ignore Islamabad's concerns about Indian activities in that country. It could also form the model of three-country cooperation in the region. As it is, Beijing has signalled a new direction in BRI, emphasising cooperation and multilateral approaches.

However, the Sino-US standoff will challenge New Delhi's approach towards maintaining an even-handed relationship between the two countries. There could be opportunities for New Delhi from the US-China estrangement. US companies could be willing to relocate supply chains away from China to India. But this can only happen if the much needed reforms can create the conditions for mass manufacturing in the country. But the result of a larger breakdown of US-China relations cannot but have hugely negative consequences all around.

Footnotes:

1 For the circumstances around which this agreement came about, see Shivshankar Menon, Choices: Inside the making of India's foreign policy, (New Delhi, Penguin, 2016) Chapter 1.

2 Speech by Foreign Secretary at Raisina Dialogue in New Delhi, March 2, 2016 <http://www.mea.gov.in/incoming-visit-detail.htm?26433/Speech+by+Foreign+Secretary+at+Raisina+Dialogue+March+2+2015>

3 Official Spokesperson's response to a query on participation of India in OOR/BRI Forum, May 13, 2017 (<https://www.mea.gov.in/media-briefings.htm?dtl/28463/official+spokespersons+response+to+a+query+on+participation+of+india+in+oborbri+forum>)

4 Jyoti Malhotra "Stepping back from Maldives, India tells China," Indian Express March 28, 2018 (<https://indianexpress.com/article/india/stepping-back-from-maldives-india-to-china-doklam-5113855/>)