



# INDIA-CHINA BILATERAL RELATIONS PRESENT AND FUTURE

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## Abstract

According to most political observers, the global political architecture is undergoing a transformation, with power increasingly shifting from the west to east, in what has been called the 'Asian Century'. The two most populous nations on the earth, the people's Republic of China and India, are now two large economic power houses, so their relationship is always importance to the international system. The future of this Asian century will to a large bilateral relationship between China and India will define the contours of the new international political architecture in Asia and the world at large. As of today, however the trajectory of the Sino-Indian relationships remains as complex as ever decipher, despite some positive developments in the last few years. This chapter examines the current scenario of the bilateral relationship between China and India, especially focusing disputes, security, trade, solutions.

Keywords: Panchsheel, Political buffer, Doklam Standoff

## INTRODUCTION

The two power houses of Asia have deep rooted continued civilization and hence their relations are also very ancient. The association between these two countries, however, should better be discussed after their independence from foreign powers in the late fifth decade of the last century. Both these countries started on a very cordial note with the signing of Panchasheel. The relation between India and China has remained cold since the war of 1962 and the mistrust between these two countries have been prevailing since then. China, economy has developed itself at a greater pace and has established as the new economic super power on the world stage. But it has failed miserably on social freedom, human rights and democracy. India on the other hand, has managed to balance economic development with liberal human rights. Although it has not kept pace with China as far as economic prosperity is concerned, however it has preserved it's cultural diversity, secularism, democratic socialism and so on.

India and China have shown cooperation in BRICS, WTO, SCO, BCTM. These two countries have been engaged in vibrating trade and business. China is willing to invest heavily in Indian economy. India also wants to establish the last cultural ties between the two countries. However, the deep rooted mistrust, diplomacy and competition to emerge as super powers have caused the persistence in the strained relationship between India and China. In spite of Modis aggressive foreign policy agenda, as evident from a plethora of important leaders and visits from both countries, the relation between these countries have remained cold. These two countries remain at logger heads on a plethora of issues, such as Border dispute, China's support to Pakistan on various issues, China's obstruction in India's bid for NSG membership and permanent sect of the security council huge trade imbalances, dumping of Chinese goods in India, India's support to Vietnam and so on.

During the various visits of the respective heads of states of India and China following agreements have been made.

- China pledge to invest in Railways and help it to modernise.
- China has agreed to set up various industrial parks in Gujarat and Maharashtra
- India has also been able to persuade China to give more and more market access to Indian products, including pharmaceuticals and farm products.

- Both sides have also expressed interest in increasing cooperation in trade, space, exploration and civil Nuclear energy.
  - Various memorandum of understanding has been signed on educational exchange; India – China think tank forum; NITI Ayog and Development Research center; Ocean science, climate change and cryosphere; Gensciences, the establishment of state's political leaders forum and yoga college in Kunming.
  - Various sister cities agreements have been signed between these two countries.
  - In water resource management. Renewal of an agreement dealing with sharing hydrological data on Sutlej River also signed.
- Apart from these agreements the cooperation between India and China have been evident on the following issues:
- China and India have represented the developing countries in climate change talks and have cooperated with each other to thwart any imposed by the west.
  - The similar cooperation has also been well evident in the WTO, where India and China along with other developing countries have resisted west's aggression for trade and intellectual property rights.
  - Being a member of BRICS, these two countries have challenged the hegemony of OECD countries as evident from the establishment of the New Development Bank and contingency Reserve Arrangement.
  - India and China are also partners in the Asian Infrastructure Investment Bank.
  - Indian's inclusion in SCO also demonstrates China's acceptance for India to engage on a world platform.

### **SINO-INDIAN DIGITAL COLLABORATION PLAZA (SIDCOP)**

The Sino – Indian Digital collaboration plaza has been launched by the National Association of Software and services companies (NASSCOM) in association with Municipal Governments of Guijiang and Dalion. The initiative aims to bring Indian IT companies and Chinese enterprises closer to each other on a single Artificial Intelligence enabled platform. NASSCOM is a non profit industry association and is the apex body for the Indian IT –BPM industry.

### **PROTOCOL AMENDING INDIA-CHINA DTAA**

The government of India and China have amended the Double Taxation Avoidance Agreement (DTAA) by signing a protocol. The main purpose of the amendment of DTAA is to avoid double taxation and to prevent fiscal evasion with respect to taxes on income. It updates the existing provisions for exchange of information to be latest international standards. Under section of the income tax act, 1961, India co- enter into an agreement with a foreign country or specified territory for the avoidance of double taxation of income, for the prevention of evasion. It is referred as tax treaty a bilateral economic agreement between two nations that aims to avoid or eliminate double taxation of the same income in two countries.

### **ECONOMIC RELATIONS**

India and China enjoy robust economic ties which have progressively increased over the years. China is among the top five trading partners of India. It has been hailed as among the biggest positive drivers of a relationship that is often beset with difficult political problems. However global economic slowdown especially, that of Chinese economy has seen trade declining amongst them. There are two primary drivers of the burgeoning trade between China and India: differing comparative advantages of the two countries and sustained high growth rate in both economics. The different comparative advantages of the two countries provide grounds for strong economic exchange. Although China's economy is three times as large as India's. Its manufacturing sector is five times that of India's. Chinese exports to India thus consist primarily of manufacturing goods, especially various types of machinery conversely, India has some of the world's largest reserves of iron ore, bauxite and manganese and its exports to China consist primarily of raw materials to feed that country's expanding steel and automotive sectors.

### **BOARDER DISPUTE**

China has shown its displeasure over the Mc Mohan line and has refused to consider this as the international boundary between India and china. China claims Aksai Chin and Arunachal Pradesh as its parts and had been aggressively pursuing its policy in this regard.

The Chinese have two major claims on what India deems its own territory. One claim in the western sector, is on Aksai Chin in the north eastern section of Ladakh District in Jammu and Kashmir. The other claim is in the eastern sector over Arunachal Pradesh and about 2000 Sq. Km in the middle of the India China boundary. Beijing has stated that it does not recognise Arunachal Pradesh. India accuses China of illegally occupying Aksai Chin while China accuses India of occupying areas in Arunachal Pradesh which it calls parts of southern Tibet

Tibet lies at the heart of Sino- Indian border dispute. India harbours fears founded on Tibet's geo- strategic setting. China's annexation of Tibet 60 years ago removed India's 'political buffer'. China was enraged at Indian's grant of political asylum to the Dalai Lama. Also because of China's 'Western Development Strategy'. India now sees the 'the network of airstrips and airbases that China has built throughout the Tibetan plateau, along with other wide spread infrastructure development projects especially highways, roads, rail links and air strips, as providing the logistical where withal for a Chinese invasion across the border .Thus Tibet's geo- strategic setting is effectively the source of the mutual threat perception and alignment patterns that dominate the Sino- Indian relationship.

Under Narendra Modi government, India's infrastructure development along the border with China has picked up, though it has rolled back the most ambitious military plan for the boundary the formation of the 17 corps, which is India's first dedicated strike corps for the mountain operations. Despite that, India is at least a decade away from matching the infrastructure on the Chinese side, where most posts have direct road access. Across Tibet, Massive infrastructure projects have come up providing easy access to the boarder for the Chinese military. According to latest statics, only 24 out of the 73 roads identified along the Line of actual control with China have been completed until now of the total, 61 roads with a length of 340.27 Km, are with the border roads organisation while other 12 were entrusted to agencies like the central public works department, NBCC and state public works departments. This slow pace has extended the planned Date of completion (PDC) of balance roads to 2021. India is also constructing some critical bridges in the northeast which will cut down time for troop movement. The recently inaugurated 9.2 Km Dhola – Sadiya Bridge will cut down the distance between Assam and Arunachal Pradesh by 165 Km. India has also been activating airstrips abandoned after world war II or 1962 war and deployed frontline fighter jets in the bases along Sino- Indian border.

### **DOKLAM ISSUE**

Doklam plateau is a 269 Sq. km plateau in Bhutan, which overlooks the strategic chumbi valley. The crisis began on June 16 2017. When the people's liberation Army (PLA) moved a substantial earthmoving unit on to the Doklam plateau and began building a road leading towards Doka La Royal Bhutan Army soldiers from the zompelri ridge attempted to invence but were pushed back on to the ridge.

In response to a request from Bhutanese troops, Indian soldiers on Doka La moved down the ridge and obstructed the border works, leading to a standoff. This confrontation had been preceded by a scuffle between a PLA road construction unit and Indian troops on the night of June 4 – 5, 2017 which had resulted in minor injuries to two chine personal, China alleged that Indian Army recently crossed border into China in an attempt t block a road construction. China's current claims over the Doklam plateau should be seem as yet another instance of cartographic aggression, which China often engages in. It is however, china's action of building an all-weather road on Bhutan territory one capable of sustaining heavy vehicles, that has prompted Bhutan and India to coordinate their actions in their joint national interests, under the terms of the 2007 friendship treaty. Ever since the standoff came to light, there has been a series of arguments, counter arguments and statements from both sides enough for the foreign ministers to interfere as well.

India said that the road construction efforts by the Chinese PLA are aimed at getting closer to Dok La, the last Indian military post on its border with Bhutan and China. China and India see the Doklam standoff very differently. For China, the issue one of territorial sovereignty for India, the issue is one of national security. So both the countries, not thinking about a compromise.

India has to revise its frontier policy and should devise policies, which will be pragmatic and proactive, Bureaucratic and procedural hurdles have to be curtailed in order to improve our stateg assets in the Indo- China – Bhutan Tri – junction. India must read proper meanings into China's unwillingness to hold talks at the highest level. China is categorically laying down difficult pre conditions for talks though India is open to the idea of discussions with out pre conditions. These are well reflected in the differences seen between the high voltage response of the Indian side.

### **NSG MEMBERSHIP ISSUE**

Nuclear suppliers Group (NSG) was established in the wake of India's Pokharan tests in 1974. It is a 48 members grouping that was formed with the aim of ensuring non – proliferation of nuclear weapons and nuclear technology. The 48 members of the NSG include the five nuclear weapon states, US, UK, France, China and the other 43 are signatories to the Nuclear Non Proliferation Treaty (NPT). India is not a signatory to the NPT which it calls discriminatory.

China refused to dilute its stand on India's entry into the elite nuclear suppliers group, asserting that New Delhi must sign the Non-Proliferation Treaty to gain entry as there is no precedent for the inclusion to club India and Pakistan together, on the basis of both being non-signatories of the Nuclear Non- proliferation Treaty (NPT) Chinese representatives want NSG countries to adopt a "criteria based approach" which essentially means that either both India and Pakistan can get into the group or none. But most of the NSG countries, including the US, France and UK make a clear distinction between India and Pakistan's nuclear non-proliferation track record.

### **INDIA'S CONCERN ON CHINA'S ONE BELT ONE ROAD**

One Belt One Road (OBOR) is the brand child of Chinese president Xi Jinping, is an ambitious project that focuses on improving connectivity and cooperation among multiple countries spread across the continents of Asia, Africa and Europe. It is dubbed as the "Project of the Century" by the Chinese authorities, it spans about 78 countries. The project involves building a big network of roadways, railways, maritime ports, power grids, Oil and gas pipelines and associated infrastructure projects. The project covers two parts. First is called the "Silk Road economic Belt" which is primarily land based and is expected to connect china with central Asia, Eastern Europe and Western Europe. The second is called the "21<sup>st</sup> Century Maritime Silk Road" which is sea based and is expected to will China's southern coast to the Mediterranean, Africa, South –east Asia and Central Asia.

The China Pakistan Economic Corridor (CPEC) is a great threat to the national security of India. The CPEC is comes as a part of One Belt One Road initiative. The 3000 Km long China Pakistan Economic Corridor Consisting of highways, railways and pipe lines is the latest irritant in the India- China relationship. Many experts are not in favour of India supporting CPEC. This is so because any Indian participation would inextricably be linked to the countries legitimate claims on Pak Occupied Kashmir. CPEC rests on a Chinese plan to secure and shorten its supply lines through Gwadar with an enhanced presence in the Indian Ocean. Hence it is widely believed that upon CPEC's fruition, an extensive Chinese pressure will undermine India's influence in the Indian Ocean. It also being contended that if CPEC were to successfully transform the Pakistan economy that could be a "red tag" for India which will remain at the receiving and of a wealthier and stronger Pakistan. Besides, India shores a great deal of trust deficit with China and Pakistan and has a history of conflict with both. As a result even though suggestions to re-approach the project pragmatically have been made, no advocate has overruled the principle strands of contention that continue to mar India's equations with China and Pakistan.

## INDIA – CHINA INTERNAL SECURITY COOPERATION AGREEMENT

India and China signed their first ever internal security cooperation agreement making a new beginning in bilateral relations. During the meeting, India has also asked China to support its pending application in the UN to designate Pakistan based Masood Azhar, leader of the Jaish-e-Mohammed terror group as a global terrorist. In the past, China has opposed India's proposal to list Azhar as a global terrorist and to not give shelter to hardline ULFA leader Poresh Baruah on 1 May 2019. Masood Azhar was listed as an international terrorist by the United Nations Security Council.

## QUAD AND CHINA

India decided to join the revived Quadrilateral Security Dialogue (QUAD), a strategic dialogue between the United States, Japan, India and Australia with a naval component which has been opposed by China as a potential anti-Chinese alliance of democracies aimed at containing it and checking its maritime rise in the Indo Pacific.

## WORRIES ABOUT BRAHMAPUTRA

The Brahmaputra called the YarlungTsangpo in China, originates in the Tibet and flows downstream into India's north east. China plans to build a 1000 Km tunnel to divert water from the Brahmaputra in the Tibet to the dry Xinjiang region. The plan involves diverting water from a country in Tibet to the Taklamakan desert in Xinjiang. This has created worries about Brahmaputra getting dried up, especially in Assam out of the total length of the Brahmaputra of 2880 Km, 1625 Km is in Tibet flowing as YarlungTsangpo. 918 Km is in India and known as Siang, Dihang and Brahmaputra. The rest of 337 Km in the Bangladesh has the name Jammu till it merges into Padma near Gonalando. As a trans-Himalayan tributary, Yarlung is substantially fed by snow glacial melts, in addition to rainfall. In 2010 China had assured India that it had no plans of building dams in Tibet after New Delhi expressed concerns.

## CONCLUSION

The risk of open military between China and India is growing. The potential introduction of a nuclear dimension to the Doklam episode by way of Indian policy makers discussion of the availability of the Arihant nuclear armed submarine, emphasizes the urgent stakes associated with the task of managing tensions responsibly. Any military conflict between the top two rising powers of Asia would be catastrophic not just for their mutual interest in generating domestic economic prosperity but also for global security. Beijing and New Delhi should initiate confidence building and transparency measures to prevent the further deterioration of their strategic relationship and correct current and future misperceptions about their respective strategic intentions.

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