

China and India and Security: New Tensions

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Abstract

China and India – coined as the 'Emerging Giants' - face security challenges - 'old' and 'new' tensions; the former stemming from historical territorial disputes and the latter from mounting economic, military and political rivalries. This essay captures the nature of the 'new' tensions, embedded in ties with nations in Asia and beyond, and the scope of inducing cooperation between both. This is underpinned by diplomacy to foster their relationship. The prospects of improving understanding between the two nations and ushering in peace and development are posed.

Policy Implications

- Policy makers, in China and India, should firmly emphasise 'economic' cooperation in the areas of trade and investment while confronting but diminishing the 'political' issues stemming from border disputes through periodic 'Mini Summits'.
- Policy makers in China and India should devise regular jointly conducted first hand studies of specific sectors (eg. agriculture, IT, services) to complement each other's short and long term economic development alongside periodic reports on any border tensions and disputes.
- Policy makers in China and India should stimulate the bonding of their relationship by pursuing mutual goals of bolstering their global influence through an 'Agenda of Reform of international Institutions' via existing institutions (Bretton Woods) as well as 'newer' institutions (G 20 and BRICS (Brazil, Russia, India and China and South Africa) to revitalize controversial trade, finance, environment and security challenges.
- International policy makers and developed country leaders should be allowed, when possible, to participate in the dialogues between China and India and lend support through concrete measures in the frame of global peace and development.

The nations, which account for 40% of the world's population, are seen as the 'Emerging Giants' (EG), destined to reshape future destinies in the frame of globalisation - a process underscored by compression, a 'blurring of national borders,' and transnational relations. In fact the two are 're-emerging' powers. They had a major hold on the international economy in the 18th and the 19th century with 40% of global GDP. However, their share of global GDP started declining in the 20th

century from 16.4% in 1913 to 8.7% in 1950, rising to 12.59% (average between 1985 and 1995), and 16.88% (between 1995 and 2003). Forecasts suggest that this trend will continue and the EG will regain their historical status with their share of global GDP exceeding 40% by 2025-30. Their recent economic prowess is seen in high growth rates - China 10.6 % and India 8.2 % over 2006-11 (compound annual growth rate). Indeed, China will be the second largest economy in the world by

2016 and India the third largest by 2035. However, they will face key challenges such as poverty, low per capita income, and inequality.

The relationship between China and India can be traced to the early years of the first millennium AD when contact along the emerging Silk Road led to an exchange of goods and ideas between South Asia and China. Anxieties, suspicions and conflicts between the two nations are of recent origin (i.e. 1950's).

Tensions - 'old' and 'new' - between China and India are embedded in ties with nations in Asia and beyond.

China has more clout than India in south-east Asia. However, India is gradually making its presence felt in this sub-region. This surfaced in the intensification of China's ties with Myanmar (formerly Burma). To enhance its influence, India launched in the 1990's its 'Look East' policy. It is no longer marginal to either the regional politics of south-east Asia or the greater power system that shapes it. Indeed, it is increasingly focusing on security issues in south-east Asia in spite of China's prominence. In South Asia, India has wielded more influence than China. However, the latter has been making inroads into countries such as Nepal and Bangladesh. This is exemplified by China's role as the major supplier of arms to Bangladesh. Implicit and explicit suspicions in South Asia between India and Pakistan persist. Both are nuclear powers. This, understandably, arouses anxieties among nations within and beyond Asia. Of course, India has been somewhat uneasy about China's military links with Pakistan. However, India and Pakistan are keen to initiate trade and cultural exchange to offset military and political rifts.

Beyond Asia, the relationship between China, India and the US is critical. Alongside, China and India are gradually building strong economic ties with Africa. This unfolds mounting competition between the two Asian powers over markets and resources.

The US could usher in convergence or divergence of interests in Asia. Washington and New Delhi share normative values - democracy and strategic interests - seen in their firm stand against terrorism.

The US seeks to align with a major democracy - India, close to its global strategic interests, and a rising China. India, in response, seeks to bolster its links with the US to enhance its prestige and legitimacy as a nuclear power. At the same time India does not want to appear as challenging or threatening China.. In the past, the US has tried to pursue good relationship with both nations on trade and multilateral issues. It should be stressed that India's desire to minimize tensions with China may be thwarted by deep-rooted border disputes - China's strategic interests with Pakistan. The anxiety of the US over Sino-Indian relations was expressed recently when James Clapper, a 'US top intelligence official,' reported in a testimony to the US Senate that the Indian army may be preparing for a limited conflict with China. The capacity of the US to balance geopolitics in the region requires careful and deft diplomacy.

The China-India-Africa relationship suggests intense future competition over resources and markets, though China is ahead in the race.

'Old' tensions are rooted in territorial disputes. These reveal conflict over Tibet in the 1950's and deep suspicion over rival claims - India's over Aksai Chin and China's over Arunachal Pradesh climaxing in the October 1962 war between the two nations. This has been the crux of mutual suspicions and anxieties. Despite the rhetoric of friendship, this can frustrate their long term relationship. Alongside, surprises and doubts arise from India's relationship with Pakistan, and China's support for the latter along India's Kashmir and China's Xinjiang province and Arunachal Pradesh, along India's North East and Tibet's South. Sadly, the war between China and India in 1962 and the breakdown of relations between the two nations shattered Jawaharlal Nehru's 'Asian dream.' This was based on his vision of both nations facilitating the rediscovery of Asia's pride of place after years of living in the shadow of the West. After the 1962 war India moved close to the Soviet Union while China reinforced its ties with Pakistan.

'New' tensions stem from mounting economic, military and political rivalries. This, however, has been mingled with the desire to co-operate. This was intensified from the early 1990's onwards with the onset of 'liberalisation', marked by a move from

state to market-led policies and more exposure to the world economy. This approach was initiated in China in 1978 and in India in 1990.

Trade relations have aroused much anxiety. Over the last decade, trade has been growing but the balance has been in China's favour. The only direct trade link between the two nations was reopened after 44 years in July 2006 along the Nathu La Pass on the border between India's Sikkim state and China's Tibet autonomous region. Bilateral trade has surged by 30% since 1990, when it was \$ 260 million; by 2006 it was \$ 25 billion; by 2010 it went over \$ 40 billion, and in 2011, it reached \$ 73.9 billion. It should be emphasised that China is India's second largest trading partner. In textiles, for instance, it may soon overtake the US as India's key partner. China accounts for 5% of India's trade (volume). However, India accounts for only 0.8% of China's trade (volume). Trade imbalance is certainly a major challenge. China has a trade surplus with India of over \$ 4 billion but it has pledged to reduce the imbalance. The composition, too, reveals that India's exports to China are primarily natural resources, such as iron ore and other minerals. In contrast, China's exports to India are electronic goods, pharmaceutical products, and processed metals but the latter plans in the long term to shift towards higher value added exports. In this context, their ambitious trade target is laudable - \$100 billion by April 2015.

Despite the unequal exchange, the relationship could be enriched through satisfying mutual economic needs and sharing experiences.

India could meet China's growing appetite for raw materials (iron ore, steel and plastics) to feed its massive manufacturing sector. China in return, could furnish its manufacturing expertise and investment for Indian infrastructure. This has been welcomed as the sector needs overhauling. However, critics in India emphasise the lack of transparency (eg. high level of subsidies) and their anxiety over the sharply rising imports of clothes, electronic goods and even fireworks from China. It responded by citing India's blocking of investments in ports and telecommunications due to alleged security concerns. However, both have a genuine desire to co-operate. As the Chinese President Hu

Jintao emphasised, the relationship between the two was "an opportunity and not a threat".

Sharing experience, in an era of liberalisation, could usher in long term socio-economic development in both. They have to drastically improve the livelihoods of their poor. China's industrialisation has been impressive: high domestic savings rate (43%), marked progress in building infrastructure, surging foreign investment, a vast reservoir of hardworking low cost labour, and meeting basic needs of its citizens. It is more attractive than India for most manufacturing but is weak in some fields - retailing, distribution, and professional services (eg. accountancy, medicine, consulting). India, in contrast, has been ahead in the services sector due to its highly skilled workforce in the scientific, technical, managerial, and professional areas, information technology, supported by its English language proficiency. Its private sector, too, has been more positive about economic reform and globalisation. Indeed, it could support China's expansion of ICT skills and participation in the global knowledge economy. Alongside, the hardware sector in India could be strengthened through collaboration with China. Such interaction could establish them as major players in global information technology.

Overall, however, China is the new 'Flying Geese' in Asia – the nation which takes the lead in trade and investment to stimulate regional growth - a status previously occupied by Japan.

Military ambitions, however, heighten suspicions between China and India. This has been fuelled by differences in the level of expenditure on defence. For instance, in early 2011, China spent \$ 95 billion on this critical sector in contrast to India's \$ 32.8 billion. This has intensified anxiety among neighbouring nations. At the same time, the expenditure of the major world power - the US - on defence was a much higher \$ 700 billion. But it may still be feasible for China and India to increase their spending unlike developed nations, who are slashing public expenditure including military budgets in the aftermath of the 2008 financial crisis. Hence, they are concerned about the military plans of both nations and its impact on peace in Asia. Frictions have also arisen due to India's apprehension about China building dams close to

the Brahmaputra river. This, understandably, has military implications. However, both nations are keen to continue discussions over their tensions. This was firmly voiced at their Delhi summit in January 2012, when the wish to curb border disputes was explicitly emphasised. There have also been moves to advance military ties through joint action in international waters. Thus, China, India and Japan, the three independent patrollers against piracy, have started to coordinate their vigilance in the piracy infested waters off the Horn of Africa.

Beyond regional rivalries, China and India are keen on bolstering their economic and political prowess on the international front. This is bound to be competitive but there is much scope of joining forces to confront major shared concerns. This rests on their vision of a 'new world order' by reshaping the nature of 'global governance' which centres on collective international policies. China could support India's desire to get a seat on the Security Council. This could enable both to assert more influence on world peace and security. This gesture could also serve to improve mutual goodwill. Essentially, they have the capacity to inject realism into major trade, finance and developmental challenges - exemplified by trade negotiations - through the World Trade Organization. Wen Jiabao, who took over as the Chinese Premier in 2003, called for more coordination between Beijing and New Delhi on multilateral trade to ensure a "fair, just and rational global trade regime". The financial crisis of 2008 and its aftermath, too, have given rise to their role, and especially that of China, in reviving the world economy. According to Wen, the governments and enterprises of both should intensify exchange, promote mutual understanding, and encourage beneficial cooperation. For instance, at the January 2012 Delhi meeting, they espoused such hopes agreeing to pursue dialogues on international affairs and safeguard the interests of poor nations. Optimism is aroused by China's pledge to support and coordinate with India the hosting of the next BRICS (Brazil, Russia, India, China and South Africa) summit in India in 2012.

Diplomacy has galvanised the exchange between China and India. This unfolds shifting phases - friendship, withdrawal, and renewal. In 1954,

Nehru, India's Prime Minister, visited China and put forward his doctrine of 'Panchsheel' based on five principles of co-operation. He sealed a bond of friendship in 1954. However, this was abandoned after the border clashes in 1959. Chou Enlai visited India in 1960 and suggested that China would relinquish Aksai Chin if India gave up Arunachal Pradesh. This was rejected by India. The stalemate over the border issue has been a major hurdle. Relations languished in the 1970's. Ambassadorial ties were restored in 1976. There was a thaw in relations over 1981-87. Rajiv Gandhi tried to resuscitate links in 1988. He was the first Indian Prime Minister since 1954 to visit China. The Panchsheel Declaration was revived. The Chinese Premier Li Ping visited India in May 1992 and he was followed by President Jiang Zemin's in 1996. Such exchanges unfolded over the subsequent years. But relations were not normalised till 2008 with more emphasis on economic co-operation. The visit of the Indian Prime Minister, Manmohan Singh, to Beijing in January 2008, marked a major success in diplomacy. A crucial document - 'A Shared Vision for the 20th Century of the Republic of India and the People's Republic of China' - was signed by Wen Jiabao, the Prime Minister of China, and the Indian Prime Minister. They reaffirmed their resolve to confront 'new' and 'old' tensions. The desire of both to tackle sensitive issues such as the perennial border dispute keeps re-surfacing during diplomatic dialogues such as the recent Delhi 2012 summit. This, however, is framed by their strategic and pragmatic priorities.

Looking ahead, in an age of globalisation, cooperation on shared goals between China and India could gradually diminish suspicions and anxieties. This could enhance the prospects of peace and development and revive their historical ties.

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