CHAPTER-VI

Areas of Conflict and Cooperation in Sino-Indian Relations

Sino-Indian relations have been relations of conflict and cooperation; convergence of interests and divergence of interests. In order to understand their relations in a better way we have to analyse their areas of conflict and cooperation.

Area of Conflict in Sino-Indian Relations

India and China relations have many areas of conflict, which create hurdles in forming better ties between the two nations. These areas of conflict are as follows:

Border Dispute

The chief irritant between India and China is their disputed border in the Himalayas, where a Line of Actual Control (LAC) demarcates an effective boundary. The LAC runs along the southern part of Sikkim state, and the northern part of Arunachal Pradesh state. India and China engaged in a war in 1962 and have had several small confrontations over the issue.¹

At present, India and China have border dispute over a land area of about 1,25,000 sq.kms., which can be divided into three sectors viz., western sector, middle sector or central sector and eastern sector.²

The western sector starts with the Karakoram pass in the north to be tri-junction between Tibet’s Nagari Prefecture, La dwags and Himachal Pradesh, running about 600 km boundary.³ India claims that approximately 38,000 sq. kms. area of Indian territory in Western sector is in illegal occupation of China, which the latter occupied in 1962
through aggression. In addition to this, Pakistan through the China-Pakistan Border Agreement ceded 5,180 sq.km. area of Indian territory in Pakistan occupied Kashmir to China in 1963.⁴

Whereas, according to China, neither British nor Indian administration has ever extended to these places in the past or the present. In the Western sector, it claims the Aksai Chin district, the Chang Chenmo Valley, Pengong lake and the Spangur Tso area of Northern Ladakh as well as a strip of about 5000 sq. kms. down the entire length of eastern Ladakh.⁵

**Figure 1: Disputable areas of China and India border**


The Middle sector conforms to the boundary of Himachal Pradesh and Uttarakhand with Tibet. The Chinese claim nearly 1,300 square
kilometers in this area. The border of this area is around 450 kms. The disputed area in the middle sector is much smaller vis-a-vis other sectors.

The Eastern sector includes the McMaohn Line, which runs from the tri-junction between India, China and Bhutan from the west to Brahmaputra River in the east, largely along the Himalayas. This sector is now called the Indian state of Arunachal Pradesh. The eastern sector is the most disputable sector of India-China boundary. This sector is also known as the McMahon Line boundary. In 1913-14 representatives of China, Tibet and British India negotiated a treaty in Shimla Convention in India. Sir Henry McMahon, the then Foreign Secretary of British India drew up the 890 kms. McMahon Line as the border between British India and Tibet during the Shimla Conference. The so-called McMahon Line, drawn primarily on the highest watershed principles, demarcated what had previously been unclaimed or undefined borders between British India and Tibet. The McMahon Line moved British control substantially northwards. The Tibetan and British India representatives at the Conference agreed to the Line, which ceded Tawang and some other Tibetan areas to the imperial British Empire. However, the Chinese representative refused to accept the Line.

McMahon Line was forgotten for some time until about 1935 when the British government decided to publish the documents in the 1937 edition of Aitchison’s *Collection of Treaties*. The NEFA (North East Frontier Agency) was created in 1954. On November 7, 1959 Chou-En-Lai had proposed that both sides should withdraw their forces twenty kilometers from the McMahon Line. The issue was quiet during the decades of cordial relations between the two countries, but later it erupted again during the “Sino-Indian War” of 1962.
In the Eastern sector, the Chinese claim about 94,700 square kilometers of Indian territory including the Kemeng Frontier Division and three fourths of the Lohit division of the erstwhile North East Frontier Agency. Tawang and Longju areas are also included.\(^{11}\) Tawang and Longju areas are the most critical and disputable areas in the eastern sector. China claims that Tibet had previously exercised authority over these areas so this authority should consequently be transferred to China. Tawang assumes a special strategic interest for both the Asian countries as it lies along the eastern borders of Bhutan. China demands that it would like to vacate less important areas in Ladakh, and in return India should cede equivalent area in Tawang as a price. But India has made it clear that Tawang is not negotiable. The actual problem is that China holds the entire Arunachal Pradesh as disputed area having been illegally occupied by India. India on the other hand maintains that China should first vacate Aksai-Chin area, which China are unlikely to do so as it establishes a link between Sinkiang and Tibet and hence it assumes additional importance for China.\(^{12}\)

In order to solve border problem both the countries had eight rounds of talks at the Vice-Ministerial level. Later, Joint Working Group mechanism was initiated during Rajiv Gandhi’s China visit in 1988. It had 15 rounds of boundary talks between the two countries. In 1993 and 1996 through CBMs (Confidence Building Measures) both nations tried to maintain peace and tranquility along the border areas of the two countries and solve their border disputes. In 2003, the border talks level were raised to the Special Representative Level talks, where Special Representatives of both nations meet and talk on border issue to solve it in a cordial and cooperative atmosphere. So far by year 2015, 18 rounds of talks of Special Representative Level talks have been held. But despite
of all these efforts no substantial or concrete solution of the border issue has been surfaced.

**Tibet Issue**

Both Chinese and Indian nationalist narratives include Tibet in their respective sphere of influence, therefore overlapping interests add to their tendency to perceive the presence of any other country as a direct challenge.

Although Tibet has not always been subject to direct Chinese political control, Beijing has long argued that Tibet is part of China, Chinese have always considered the incorporation of Tibet into the Republic of China as legitimate. According to New Delhi, if the Tibetan plateau does not become a part of India, it must remain a buffer zone between the two countries.\(^\text{13}\)

History and politics of Tibet, over the decades, has become obscure, elusive and mystical, something incompatible to contemporary politics. A major propaganda war has been raged over the nature of Tibet-China relationship. Various interpretations, mostly conflicting, have major discrepancies, and they remain highly politicized. China’s present claim are based on the Seventeen-Point Agreement signed after 1950 with the Dalai Lama, which recognized Chinese Sovereignty over Tibet. But the Dalai Lama said it was signed under duress. The agreement, however remains unchallenged by major nations of the world, which recognize Tibet as China’s sovereign territory. The UN resolution of 1959, 1961, 1965 and 1991, UN 43 Sub-Commission on humans rights, therefore had no significant effect. No significant resolution were either passed or enforced by international action in the past.\(^\text{14}\)
China has been consolidating its hold over Tibet through large scale development campaigns. Efforts have been to modernise Tibet and improve the socio-economic levels of 6 million Tibetans. This has been demonstrated by large-scale investments, subsidies, development of industries, agriculture and education and training. Large farming and irrigation projects are being developed. Education policy since 1980 has hastened Tibetan integration into Chinese mainstream and to mollify world opinion, China in 1987 had recognized Tibetan as the official language, which even Chinese Cadres being encouraged to learn it.\textsuperscript{15}

India’s stance on Tibet issue since 1954 has been consistent in explicitly recognizing “Tibet as an autonomous region of China” and that India’s implicit endeavor was to wait for a time when the Dalai Lama himself feels that it is time to return to Lhasa. India’s stand on Tibet was based on the point as Nehru described “Neither the UK nor USA, nor indeed any other power is particularly interested in Tibet or its future. They are just interested in embarrassing China.” The Govt. of India has reiterated in 2003 by accepting “Tibet Autonomous Region” as a part of the territory of China. The change in India’s position had been widely debated, though the Indian government, had clarified that it had consulted the Tibet leadership prior to Vajpayee’s China visit in 2003.\textsuperscript{16}

Roughly around 1.2 lakh Tibetan Refugees had entered in India along with the Dalai Lama in 1959. In addition to it annually, since then, around 3,500 Tibetans on an average enter India.\textsuperscript{17} The Tibet issue and Tibetan refugees in India could become highly explosive in the medium and long term and has the potential to become a major source of long term contention between India and China. The activities of Tibetan refugees in India generally remain imperceptible.\textsuperscript{18}
The Dalai Lama’s presence in India creates tension in India-China relations. As insecure about its control over Tibet, China fears India will use the presence of the Dalai Lama and the large Tibetan refugees population in India to foment unrest in Tibet. Secondly, another reason of important role of Tibet in China-India relations is that the Brahmaputra River, one of India’s major rivers begins in the TAR (Tibet Autonomous Region). To generate electricity, China is constructing dams on the river and India plans to do so well. New Delhi and Beijing have discussed these projects and the Chinese government has stated that the dams will not affect downstream areas, but if the dams lead to worsen flooding or lessen water availability in India, this issue could become a major source of tension in bilateral relations.19

Many analysts of Chinese policies reveal that China’s primary objective of holding Tibet is to gain strategic capability. The construction of Qinghai-Tibet railway project is central to such policy. Through this project China aims at achieving strategic capability against India. The Qinghai-Tibet railway line will enable China in quickly increasing its military deployment near the Indo-Tibet border region when needed. Enhanced military capability will not only be a direct security concern for India, but it will also enable China to approach the border dispute with India from a position of strength.20

**Sino-Pak Nexus**

The long-standing nexus of China and Pakistan also an obstacle in forming closer ties between China and India. Due to India’s bitter rivalry with Pakistan, China’s friendly relations with Pakistan is a source of tension between China and India, as China and Pakistan have enjoyed amicable relations since establishing diplomatic ties in 1951. Chinese and
Pakistani officials often describe their bilateral relationship as “sweater than honey”, “deeper than oceans” and “all weather friends”. Among other objectives, the Sino-Pak bilateral relations works as a means of strategic and military balancing against India. In addition to it, China’s trade and investment ties with Pakistan have been expanding since the late 1990s, as Chinese companies are investing in Pakistan’s transportation and energy-related infrastructure. China’s strong ties with Pakistan affirm the fears of India that China is attempting to encircle India. India is especially concerned about China’s support for Pakistan’s military through arms sale and technology transfers, as China is the top exporter of arms to Pakistan. China appears to have played a critical role in Pakistan’s acquisition of nuclear weapons and ballistic missiles. Beginning in the mid 1970s, China is reported to have provided Pakistan with support for its nuclear weapons program, including nuclear weapons. China and Pakistan had reached a deal in 2013 for China to build two more civil nuclear power plants in Pakistan, which would supplement the two plants that China had already built. The Chinese government argues that the deal would not violate its international non-proliferation obligations, but the US and Indian governments have raised concerns about expanded China-Pakistan civil nuclear cooperation.  

India is also wary of the fact that China will not give up its friendship with Pakistan. As the future scenario of the area is still unpredictable, the potential role of Pakistan as a valuable partner of China cannot be underestimated. Pakistan, indeed, might play the role of counter-weight against India, it remains the Chinese gateway to the Islamic World and it also maintains a critical geopolitical position at the crossroads of Central Asia, Western Asia and South Asia.
Trade Deficit

India and China’s bilateral trade is burgeoning day by day but the trade balance is shifted in the favour of China in recent times. In 2004, India enjoyed a trade surplus of $ 1.75 billion, but in 2008 its balance of trade with China reached a deficit of $ 11 billion.\textsuperscript{23}

Table 6.1

\textbf{India’s Trade Deficit with China in recent years}

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports to China</th>
<th>Imports from China</th>
<th>Trade Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>10.13</td>
<td>28.78</td>
<td>-18.65</td>
</tr>
<tr>
<td>2010</td>
<td>14.58</td>
<td>42.26</td>
<td>-26.67</td>
</tr>
<tr>
<td>2011</td>
<td>16.54</td>
<td>42.83</td>
<td>-36.28</td>
</tr>
<tr>
<td>2012</td>
<td>14.87</td>
<td>51.88</td>
<td>-37.01</td>
</tr>
<tr>
<td>2013</td>
<td>14.50</td>
<td>51.38</td>
<td>-36.88</td>
</tr>
<tr>
<td>2014</td>
<td>16.40</td>
<td>54.20</td>
<td>-37.80</td>
</tr>
<tr>
<td>2015</td>
<td>13.38</td>
<td>58.25</td>
<td>-44.87</td>
</tr>
</tbody>
</table>

Source: Embassy of India, Beijing China <http://www.indianembassy.org>  

Further, as the Table 6.1 shows in year 2009, the trade deficit was $ 18.65 billion, which reached at the height of US $ 44.87 billion in year 2015.\textsuperscript{24}

The economic relations of India and China are highly skewed. The bulk of Indian exports to China consists of iron ore and other raw materials while India imports mostly manufactured goods from China. This is a classic example of the dependency model. Most Indians see China as predatory in trade. India has lodged the largest number of cases of anti-dumping against Beijing in the World Trade Organization. So India is keener on pursuing mutual economic dependencies with Japan, South Korea and Southeast Asian nations through increased trade, investment, infrastructure development, and aid to bolster economic and
political ties across Asia that will counter Chinese power.\textsuperscript{25} The Chinese goods have the advantage of being low prices. Many countries apart from India, complain that Chinese goods are deliberately ‘undervalued’. China has created several obstacles to the easy access of India IT and Pharmaceutical companies to its market.\textsuperscript{26}

\textbf{“String of Pearls” or Encirclement Strategy of China}

China with its financial and technical support is helping several littoral countries of the Indian ocean region. It is building or further developing port facilities, such as Gwadar port in Balochistan region of Pakistan, Chittagong port of Bangaldesh, Hambantota port in northern parts of Sri Lanka, and port and communication facilities in Myanmar. Many analysts believe that these facilities, with potential for military use, may be used by China to harm India economically as well as military. This encirclement theory has been reportedly denied by Beijing. However some analysts believe this theory has been conspired by the US, as interests of the US would be seriously imprimed if Gwadar port comes under China’s control, would prevent this by all means. Similarly, Sri Lanka which is highly independent and nationalistic would not allow its territory to be used by any country against others. But still, having invested so much, the possibility of the strategic use of these facilities by China cannot be ruled out.\textsuperscript{27}

\textbf{Security Dilemma}

Both India and China are locked in a classic security dilemma: one country sees it actions as defensive, but the same actions appear aggressive to the other. Beijing fears that an unrestrained power of India – particularly that is backed by the West and Japan – would not only threaten China’s security along its restive south western frontiers but also
obstruct China’s expansion southwards. Faced with burgeoning growth in China’s power and influence, India feels that it needs to take counterbalancing measures and launch strategic initiatives to emerge as a great power, but these are perceived as challenging and threatening by China.28

As the China-Pak nexus causes concerns to India, growing Indo-US relations is seen by China as against its national security interests. The US-India partnership is emerging as an important component of India’s strategy to balance China’s power. India seeks US economic and technological assistance. Both Bush and Obama administrations have encouraged India’s involvement in a wider Asian security system to balance a rising China and declining Japan. Since the United States does not wish to see Asia dominated by a single hegemonic power or a coalition of states. Recently the US approached India, which is a non-signatory country of the Non-Proliferation Treaty, with a nuclear accord, which China sees as a threat to its national security.29

Further, China’s use of regional and international organizations to institutionalize its power while either denying India access to these organizations or marginalizing India within them has added a new competitive dynamics to the relationship. In the recent past, India has found itself ranged against China at the UN Security Council, East Asia Summit, the Asia-Pacific Economic Cooperation, the Nuclear Suppliers Group and Asian Development Bank. In a tit-for-tat response, India has kept Beijing out of India led multilateral frameworks such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, the India-Brazil-South Africa Dialogue and the Mekong-Ganga Cooperation forums.30
China and India are also having conflicting interests in ASEAN countries. Thailand has always maintained a strong relationship with India and today it is one of the most committed countries in pushing India to deepen and intensify its links within the ASEAN countries. India is seeking to strengthen its ties with Myanmar expanding cooperation in the energy and trade sector in order to prevent Yangon from falling completely under Beijing’s influence. Further it is attempting to rebalancing Chinese influence in the area, by increasing its commercial relations with Malaysia and Singapore, with which there is the perspective of creating Singapore-India special economic zones.\textsuperscript{31} Besides these issues, China and India are both net importers of crude oil, and both are seeking to diversify their energy supply through natural gas and petroleum from other regions of the world. This has potential to cast them in direct competition from Central Asia, Persian gulf, Africa and South China sea.\textsuperscript{32}

**Areas of Cooperation in Sino-Indian Relations**

Though there are many contentious issues in India-China relations, yet on various fronts they are cooperating with each other at bilateral and global level. Both are trying to find an understanding over their contentious border. Though no substantial result has been come out yet there is greater intensity to solve this big irritant in their relations. They have strengthened diplomatic, economic and strategic interactions; and they seem to more and more interested in developing a peaceful neighbouring relationship in order to promote a fast economic development.\textsuperscript{33} The bilateral trade between the two Asian countries is burgeoning day by day. The trade volume which was meager, 265 million US dollars has reached to the level of 71.64 billion US dollars in 2015.\textsuperscript{34} Further through mechanisms of India-China Financial Dialogue and
Strategic Economic Dialogue both countries are making efforts to further boost up their economic ties.

In the recent past, both India and China have joined hands in holding many global issues such as international trade and financial issues and sustainable development, energetically safeguarding interests of developing countries and new emerging powers and facilitating improvement of reshaping of the existing international economic order. The United States and some other Western countries feel hard pressed by the common positions of China and India on climate change, energy security and some other global issues. The BRICS Forum, in which a bank known as New Development Bank has been formed, which is being seen as a potential competitor to the World Bank. Apart from it, G-20 Summits and East Asia Summit have now become important venues for close interactions between leaders of the two countries in sustainable development of bilateral relations.  

India and China are also cooperating in the establishment of the Bangladesh-China-India-Myanmar (BCIM) economic corridor. This ambitious project will link Kolkata with Kunming, the Capital of China’s Yunnan province, passing through Myanmar and Bangladesh, with Mandalay and Dhaka among the focal points.

Though both India and China try to keep each other out of their respective denominations to contain greater regional influence by the other, yet pressure from other countries specially within SAARC and SCO (Shanghai Cooperation Organization) who have friendlier relations with the respective regional powers compelled them to give some space to them in these organisations. As India have been given observer status
in SCO which further will be drafted as a full member soon and as a part of the deal China also became an observer in the SAARC.\textsuperscript{37}

While freezing controlling and shelving major differences, the two sides taking store by the overall interests of bilateral relations, they have been working hard for cooperation and common development in other areas so as to prepare conditions for resolving such differences and contradictions in the future. Since recent past both sides have realised that an important way of enhancing strategic mutual reassurance and future promoting bilateral relations as well as freezing Sino-Indian relations from interference of third parties is to iron out these disputes through better communication, dialogue and consultation.\textsuperscript{38} Indian officials at different levels have emphatically pointed out on various occasions that there is a vast area in the world for common development for China and India, which contributes to global peace, stability and prosperity and that India does not regard India-China relations as relations of confrontations.\textsuperscript{39}
References


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19 Matthew Southerland, Jacob Koch-Wester, Angela Zhang, op. cit.


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