

# INDIA-CHINA RELATIONS: AN OVERVIEW

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## EVOLUTIONARY DISCOURSE

India and China, two of the longest surviving civilisations yet produced by humanity, lie side by side on the continent of Eurasia. Justifiably proud of their cultural histories and recent economic-military achievements, the two nations have had a chequered track record of bilateral relations. They were established as new independent states around the same time: India in 1947 and China in 1949. "The signing of the agreement on Tibet (April 1954) under which India relinquished its extra-territorial rights and accepted Chinese suzerainty over autonomous Tibet, and the inking of the *Panchsheel* or peaceful coexistence agreement between the two countries (June 1954) ushered in a brief phase of spring time in Sino-Indian relations."<sup>1</sup>

Unsurprisingly, the bilateral divergences were not long in surfacing. During the late 1950s, conflicting policies over Tibet and the revolt there in 1959; failure to resolve the territorial boundary issue; efforts to apply their respective politico-diplomatic capabilities to effect developments in the South Asian region; and "China's grave economic problems, the rift with the Soviet Union and intensified fears of military encirclement by the United States and Taiwan"<sup>2</sup> precipitated the short war of 1962. The resulting freeze in bilateral relations lasted until 1976

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1. K.N. Ramachandran, "India-China Interactions" in K. Santhanam and Srilkanth Kondapalli, eds., *Asian Security and China 2000-2010* (New Delhi: Shipra Publications, 2004), p. 279.
2. Allen S. Whiting, *China's Calculus of Deterrence* (Ann Arbor: University of Michigan Press, 1978) in S. Singh, *India and China* (New Delhi: Anmol Publications, 2006), pp. 349-350.

when the resumption of full diplomatic relations served as a narrow opening. But it was Prime Minister Rajiv Gandhi's path-breaking visit to China in 1988 that signalled an important reorientation of India's China policy post-1962, in placing the border dispute on the back-burner and pursuing normalisation of bilateral relations.

It has rightly been said that "normalisation does not imply that divergences in strategic perspectives between India and China have suddenly converged or that conflicts of interests and differences of opinion on a range of issues have disappeared..."<sup>3</sup> However, in consonance with the post-Cold War dynamic of simultaneity of cooperation and competition in the national interest driven inter-state relations, India and China are increasingly striving to leverage the space between "hostility at one extreme and collaboration at the other..... to cultivate normal state-to-state relations in response to their perceptions of national need, inevitably sensitive as these are to variables in their domestic and international environments."<sup>4</sup>

Over the decade of the Nineties and beyond, the 1993 agreement on maintaining peace and tranquillity on the common border; implementation of military-related confidence-building on the border envisaged in the 1996 agreement; increased frequency of heads of state/government visits that are now routine; burgeoning trade and increased flow of investment (trade increased from \$676 million in 1993 to \$25 billion in 2005); and institutionalised politically steered boundary talks have served to provide tremendous impetus to bilateral relations. However, there is an equally powerful flip side which perceives a "fundamental clash of interests between China and India that is rooted in history, strategic culture and geopolitics, manifested in China's determination to prevent India from emerging as a great power and play a role it once played as a great power and civilization from Central Asia to South Asia."<sup>5</sup> It has been argued that India-China relations over nearly half a century represent the classic case of a "security dilemma." Yet, in recent years, there are pointers towards

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3. Singh, *Ibid.*, p. 348.

4. *Ibid.*, p.349.

5. J. Mohan Malik, "India-China Relations in the 21st Century: The Continuing Rivalry" in Brahma Chellany, ed., *Securing India's Future in the New Millennium* (Hyderabad: Orient Longman, 1999), p. 349.

their move along the path of cooperative security. The jury, however, is still out to determine the endgame.

This paper seeks to examine and analyse the complex and dynamic interplay in India-China relations and attempt answering a few fundamental questions. Firstly, what could be the impact of their respective evolutionary strategic perspectives emerging on the bilateral realisation? Secondly, where are the political initiatives, over nearly two decades of a seemingly warming trend, headed? Thirdly, what are the prospects of an early resolution of their half-century-long territorial dispute? Fourthly, how does the military dimension impact their relationship? And, finally, would the burgeoning trade, investment flows and economic ties provide an enduring glue of mutual interdependence to subsume other palpably negative influences, and 'securitise' their relationship for an era of peaceful existence in the 21st century?

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## STRATEGIC PERSPECTIVES

### *Spheres of Influence Overlap*

The nationalist narratives of both India and China conceive of these countries as great nations that have historically exercised substantial influence over large areas beyond their boundaries. China's influence was centred on the tributary system. A map produced in Chinese text-books in 1954 neatly illustrated the geographic scope of China's lost tributary system that is said to have

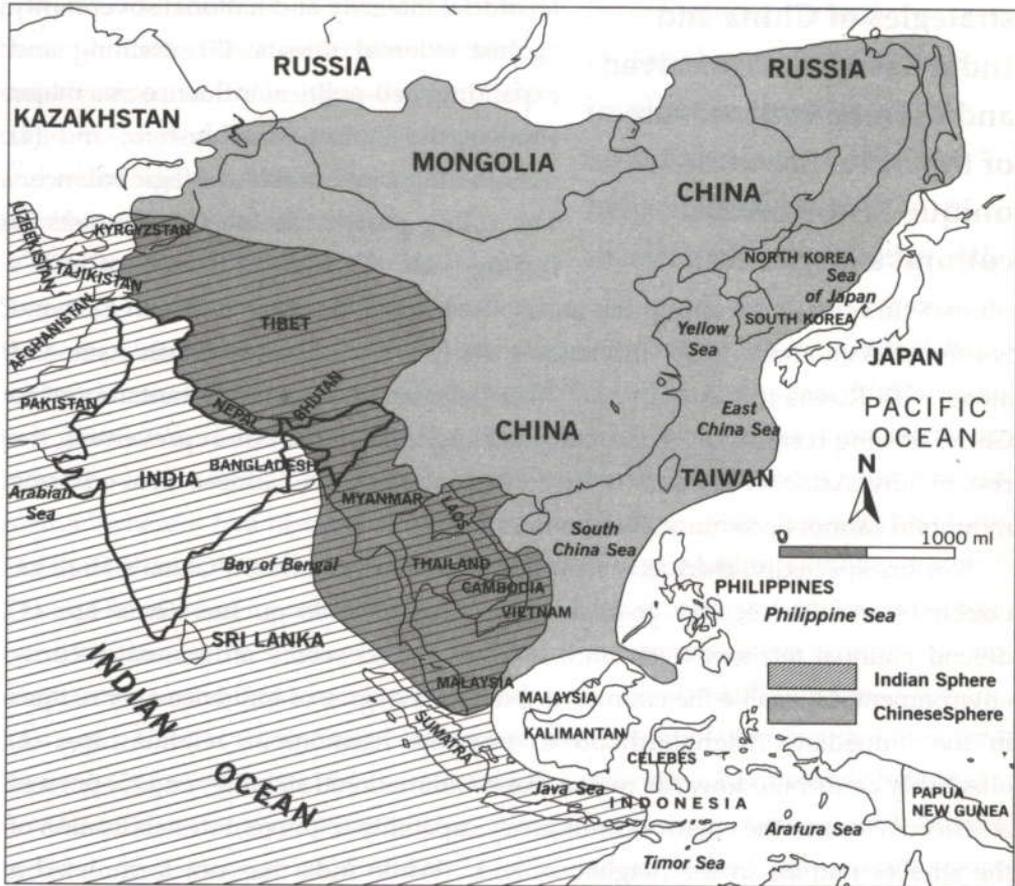
encompassed Inner Asia, Southeast Asia and parts of South Asia.<sup>6</sup> Likewise, the historical stage on which India played out the great role of extending religious, linguistic and cultural influences from the Himalayas in the north, to the seas in the south, to Southeast Asia in the east, to Iran in the west and into Central Asia in the northwest was gigantic.<sup>7</sup> Significantly, a map indicating such regions of influence was displayed at the unofficial Nehru-conceived Asian Relations Conference in New Delhi on March 23, 1947, months before India even became independent. Superimposition of this map over the Chinese one, as in the Map 1 below “clearly highlights the overlap between perceived Indian and Chinese historical spheres of influence.”<sup>8</sup> New Delhi and Beijing perceive the same areas as justifiably falling under their influence, and see the influence of the other country as a challenge to their own, thus, creating a potential tectonic conflict paradigm.

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When Indian and Chinese elites speak of restoring their country's rightful place in the world, they give expression to a concept of centrality in Asia and the wider world. Apparently, the diffusion of Chinese culture in East Asia and that of Indian religions and culture throughout Asia supports their perceptions of 'centrality'.<sup>9</sup> Nearly 34 years ago, Austin Coates made a telling point: "To imply equality with China is to offend the Chinese sense of what is 'right'. Classic Chinese statecraft dictated that there is no such thing as a friendly foreign power. All states are either hostile or subordinate."<sup>10</sup> Thus, the manner in

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6. John W. Garver, *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century* (New Delhi: Oxford University Press, 2001) pp.11-13.
  7. For a comprehensive and thoughtful analysis of the historical role played by India in influencing its strategic neighbourhood through 'soft power' of the past, see George Tanham, "Indian Strategic Culture," *Washington Quarterly*, Winter 1992, pp. 129-142.
  8. Garver, n. 6, p. 13.
  9. Malik, n. 5, p. 343.
  10. Austin Coates, *China, India and the Ruins of Washington* (New York: The John Day Company, 1972), p. 76. Quoted Ibid.

Map 1



Source: John W. Garver, *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century* (New Delhi: Oxford University Press, 2001).

which the strategies of China and India have been conceived and defined is a measure of the influence of their unique historical and cultural experiences. Advocates of the flavour-of-the-era geo-economics and cooperative security arguments for an imminent leap in the India-China relationship need to factor this strategic-cultural imperative into the analytical calculus.

### *China's Strategies and Indian Concerns*

China's grand strategy is keyed to the attainment of a number of interrelated objectives: (1) sustaining rapid economic growth and military modernisation and

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internal domestic order; (2) preserving territorial integrity and national sovereignty against external threats; (3) attaining and expanding geo-political influence as a major state in the international system; and (4) maintaining a favourable strategic balance.<sup>11</sup> The ruling party – as the Communists in Beijing call themselves – sees China's ultimate interest as becoming the undisputed regional power centre in East and Southeast Asia and a major influence – along with India – in South Asia, and along with Russia in Central Asia.<sup>12</sup> This perspective is not only tantamount to China seeking restoration of the 'Middle Kingdom' status but in preventing the rise of any Asian rival, and is in consonance with a Chinese proverb: one mountain cannot accommodate two tigers.

Not unexpectedly, there is a remarkable similarity between China's strategic objectives and the security goals a rising India seeks to pursue. These are: (1) defend national territory over land, sea and air; (2) secure an internal security environment; (3) enable the country to exercise a degree of influence over nations in the immediate neighbourhood to promote harmonious relationships; (4) effectively contribute towards regional and international stability; and (5) possess an effective out-of-the country contingency capability to prevent destabilisation of the smaller nations in the neighbourhood.<sup>13</sup> While India has not formulated a formal regional security doctrine, implicit in these security objectives is a resolve to help maintain stability in its strategic neighbourhood which today, as over millennia before, extends from West Asia to Southeast Asia and Central Asia to the northern Indian Ocean.

To be sure, there are commonalities between India and China on their approach to global power configuration of multipolarity/polycentricity, the related freedom

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11. For some of these security objectives, see Wu Xinbo, "China" in Muthiah Alagappa, *Asian Security Practice: Material and Ideational Influences* (California: Stanford University Press, 1998), p. 127.
  12. Michael A. Weinstein, "China's Geostrategy: Playing a Waiting Game," *Power and Interest News Report* of January 7, 2005, [www.pinr.com](http://www.pinr.com) accessed on July 25, 2005.
  13. "India's National Security Interests," Sixth Report of the Standing Committee of Ministry of Defence, Government of India, presented to Lok Sabha (Lower House of Parliament) on March 8, 1996.

of action befitting two great civilisational-powers and avoidance of alliances. But it is the application of their respective strategies—notably those of China—and their probable collision that could cause serious competition and even conflict between the continent size neighbours in the decades ahead.

The membership of the United Nations Security Council provides China added clout and strategic asymmetry in relation to a less powerful India. China's strategic push to encircle India and build relations with Pakistan, Myanmar, Bangladesh, Nepal, Sri Lanka, and of late, Maldives, as part of what has been termed the "string of pearls" strategy to extend reach and influence into a series of concentric circles in the South China Sea, and a larger region "where it had historically exercised no influence at all" is not lost on New Delhi. This is not to downplay the famous Chinese Muslim explorer Admiral Zheng He's several 'epochal voyages' to the Malabar coast and Africa, in the first two decades of the 15th century, that were exceptions. India's initiatives for cooperation with Myanmar, Singapore, Indonesia, Thailand, Philippines, Vietnam, Mongolia, Central Asian States and of late, increasingly Japan, South Korea, and Australia require to be further accelerated as a countervailing strategic balance.

Most importantly, China's near three-decade-long nuclear and missile technology assistance to Pakistan – in violation of its international treaty obligations – and supply of military hardware to Pakistan, Bangladesh and Sri Lanka have unquestionably exacerbated India's strategic and security concerns. India is expected to remain unwavering on two core perceptions of regional strategy: thwarting a neighbouring state from an initiative politically inimical to its security interests and preventing an extra-regional power from establishing an "unfriendly" presence or influence over a neighbouring state.<sup>14</sup> These compulsions would override the equally pressing need for an intensified economic cooperation to provide balance to the bilateral relationship.

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14. For a lucid appraisal of India's core regional security concerns, see Tanham n. 7, p. 133.

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The United States, with huge strategic interests in Asia, is expected to play a key role in the panning out of Indian and Chinese strategies in the years ahead. Notwithstanding close Sino-US economic interdependence and the latter's huge trade deficit with China, the two countries are expected to remain strategic competitors. At the same time, it has been said, "Much as India would like to remain an independent power, picking and choosing its friends, China's grand strategy, especially Beijing's choice of allies to achieve its strategic goals (may) push India into a coalition of anti-China States. The logic of geopolitics is likely to push India and US closer together in the future."<sup>15</sup> This prognostication appears implausible, despite its apparent

attractiveness. India is unlikely to adopt a confrontationist posture against China and would seek to forge multi-alignment with all the great powers as the thrust of its policy dispensation over the coming decades by which time it would be a great power in its own right. It does appear, however, that while China would constitute a long-term strategic challenge for India, their pragmatic cooperation for mutual interest is also set to continue. The paradigm could be a soft balance of power where each nation will protect its interests on an issue-related and function-specific basis.

## **POLITICAL DIMENSIONS**

### *Cooperative Initiatives*

Even within the rubric of the realist view that as rising powers, India and China are destined for rivalry, their bilateral relations have in recent years acquired a

15. Malik, n. 5, p. 387.

certain traction. Prime Minister Rajiv Gandhi's visit in 1988 was an astute strategic initiative – shortly after the Samdurong Chu (north of Tawang) border incident, where India demonstrated a rare assertiveness. The reoriented China policy reflected a deliberate resolve to put the contentious issues on the back-burner, tone down the territorial issue and provide free play to the economic forces to impart a new dynamism to the bilateral relationship. Thus, both the 1993 agreement on maintaining peace and tranquillity on the border as also the military specific confidence-building agreement of 1996 transcended the territorial imperative and moved the ties forward. The only hiccup was the adverse Chinese reaction in the aftermath of the five consecutive nuclear tests undertaken by India in May 1998. But this too subsided soon. A scholar offers an interesting distinction between Chinese 'under-reaction' to these tests and 'over-reaction' to the border imbroglio during 1962. India's 'intransigence' on the border issue was perceived to threaten the very identity of China as a nation state, while India's 1998 nuclear tests were construed primarily as a serious threat to national security but not to its national identity as such.<sup>16</sup>

In recent years, President Jiang Zemin's four-point proposal of 2000 has served as a fairly effective road map for qualitatively improved bilateral ties: (1) increased bilateral visits at various levels to enhance mutual confidence; (2) expansion of trade and economic cooperation that would include encouraging entrepreneurs of both sides to invest in each other's country; (3) strengthening of cooperation and coordination in world affairs; and (4) proper handling of issues left over from the past in the spirit of seeking common ground, while reserving differences.<sup>17</sup> Progressive increases in bilateral visits at all levels (heads of state/government, defence and foreign ministers, serving chiefs, National Defence Colleges, academics, scientists, businessmen, etc) and dramatic upturn in trade as also enhanced investments have opened up vast avenues for cooperation. The novel Chinese-style method of recognition of Sikkim's merger with India (that took place three decades ago) through

16. A detailed analysis of what has been perceived as China's contrasting responses to the 1962 border imbroglio and the five consecutive nuclear tests by India in 1998 is provided in Lei Guang, "From National Identity to National Security: China's Changing Responses Toward India in 1962 and 1998," *The Pacific Review*, vol. 17, no. 3, 2004, pp. 399-422.

17. President Jiang Zemin's four-point proposal has been outlined in Ramachandran, n. 1, pp. 281-282.

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handing over of a "rectified map" during Wen Jiabao's 2005 visit eliminated the question of Sikkim from the host of contentious issues. Significantly, China was the only country in the world that had desisted from this recognition and leveraged the Sikkim issue as a component of its regional territorial imperatives.

#### *Strategic Partnerships?*

The two countries are not only exhibiting greater confidence in their political future but also adopting creative new approaches.

Expectedly, the United States assumes a great salience in the India-China relationship, as the three nations would have a key role in shaping the security and stability of Asia in the decades ahead. The dramatic upturn in Indo-US relations during the previous as also the current Bush Administration could receive a yet greater boost with the impending nuclear energy cooperation agreement. This prospect would not have escaped the Chinese leadership who would be impelled to move their relations with India to a higher level of interaction, despite evident limitations. During the much-hyped visit of Wen Jiabao to India in April, 2005, the Joint Statement described the bilateral relationship as a "strategic and cooperative partnership for peace and prosperity," an upgradation of the nomenclature "constructive and cooperative partnership" that featured in the Joint Statement during Vajpayee's China visit in 2003. As an experienced China-watcher academic rightly averred, "While it is evident that strategic partnerships in the post-Cold War era would have to be qualitatively different, it still begs the question as to what the substantive content of the India-China strategic partnership would be. There was no specific discussion [during the Wen Jiabao visit] related to the nuclear issues, no dialogue on Pakistan or for that matter the situation in Nepal; no evaluation of their respective perspectives on the role of extra-regional actors. Thus, in all the key

issues which would be normally interpreted as 'strategic' there were striking gaps."<sup>18</sup> Clearly, there are limitations in the bilateral ties which would also impact other relationships.

The trilateral India-China-Russia collaboration, first mooted by Prime Minister Primakov of Russia in 1999, and currently an arrangement for consultations at the foreign minister level, offers scope for combined initiatives on a range of international security issues.<sup>19</sup> Some of these are: (1) develop constructive partnership with the US – lest it be perceived as a grouping directed against it – and coordinate actions to prevent unilateral policy impulses and their preventive force variants; (2) evolve a common, approach to augment the UN's and the world community's efforts to resolve global security problems of international terrorism, small arms proliferation, transnational crime, narcotics trafficking and, most of all, religious radicalism; (3) strive to maintain stability in Central Asia and Afghanistan, two areas of immense security interest to all three countries, even as it is obvious that the presence of America / NATO (North Atlantic Treaty Organisation) countries is not in conflict with regional security interests; and (4) coordinate efforts for early full membership of India in the Shanghai Cooperation Organisation to provide this grouping balance, strength and credibility in the years ahead. But it hardly needs to be underscored that the essential prerequisite for any trilateral/multilateral cooperation is the need to consistently develop bilateral relations.

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### *Tibet*

The Tibetan issue has for nearly half a century remained an irritant in India-China relations ever since the supreme Buddhist leader, the Dalai Lama, along with his

18. Alka Acharya, "Transcending the Territorial Imperatives: A Political Approach to Changing the India-China Dynamic," *Security and Society*, Summer 2005, p. 78.

19. For an objective Russian perspective on the India-Russia-China triangulation, see Mikhail Titarenko, "The Importance of Collaboration Between Russia, China, and India Against the Backdrop of Current Global and Regional Changes," *Far Eastern Affairs*, vol. 33, no. 4, 2005, pp. 3-15.

**India's conduct on Tibet, in the face of strong public opinion has been impeccable, if a tad overcautious. But there is need to underscore the point that Tibet would continue to be a source of chaffing in India-China relations, until the issues of Tibetan political aspirations and a *modus vivendi* with the Dalai Lama and his followers in India are resolved by China to the satisfaction of the Tibetans.**

Lama and continued unrest in Tibet over 50 years after occupation as also its questioning expressions of Indian sympathies for Tibetan aspirations for autonomy have the potential for bilateral turbulence. India's conduct on Tibet, in the face of strong public opinion has been impeccable, if a tad overcautious. But there is need to underscore the point that Tibet would continue to be a source of chaffing in India-China relations, until the issues of Tibetan political aspirations and a *modus vivendi* with the Dalai Lama and his followers in India are resolved by China to the satisfaction of the Tibetans.

followers fled Tibet in 1959, and was granted asylum in India. During the Chinese Cultural Revolution of the 1960s, the destruction of the cultural and religious symbols of Buddhism was to prove the Dalai Lama's worst fears. His 'halo', the sympathetic support he receives worldwide and within the liberal intelligentsia in India for his demand for Tibetan "independence and/or higher degrees of autonomy" or "genuine and complete autonomy" and enormous international prestige serve to increase China's perceived vulnerability on Tibet.

Under the 1954 India-China agreement, India is committed to the status of Tibet as an "autonomous region of China." The Tibetan government-in-exile and a 1,00,000-strong Tibetan community in India are forbidden to undertake political activity on Indian soil. To be sure, China's paranoia about the Dalai

### **TERRITORIAL AND BOUNDARY DISPUTE**

The India-China dispute on the 4,056-km-long common border has lingered over half a century. And if current trends are a pointer, it would take a

decade or two before the issue is resolved, unless a quick fix emanates at the highest political levels. Over a dozen rounds of Joint Working Group-level talks and half a dozen meetings at the level of specially nominated political representatives have produced what Deng Xiaoping is once said to have called "a mound of stale rice ridden with flies." However, to the credit of both India and China, the Line of Actual Control (LAC) has been peaceful for decades, aside from the Nathu La skirmish (1967) and the incidents of military tension at the pasturage of Sumdurong Chu (1986-87) – in both of which India demonstrated military gumption and assertiveness.

It may be recalled that India's Himalayan blunder was to "sign the 1954 *Panchsheel* treaty, recognize Tibet as an autonomous region of China, surrender special consular rights in Yatung and Gyantse"<sup>20</sup> without seeking a concurrent boundary and security agreement on management of their common security periphery. Over the years, the Chinese authorities have not only adopted delaying strategies but also taken contradictory positions. During Zhou Enlai's April 1960 visit, he offered a deal: "McMahon Line for India and the Aksai Chin road for China." Deng Xiaoping is said to have mooted a similar proposal in 1979. Disclaiming regularisation of the status quo in 1985, the Chinese alluded to "mutual concessions" that are today taken to mean unjustifiable concessions by India.

The Chinese have resolved equally intractable border disputes with Myanmar, Kazakhstan, Kyrgyzstan, Tajikistan, Vietnam and Russia, and accepted the McMahon line as the border with Myanmar. But then why the deliberate prevarication on the India-China boundary? There is a school of

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20. For a cogent, lucid and analytical 'rewind' on the India-China boundary dispute, see Manoj Joshi, "Demystifying the Sino-Indian Border Dispute," *Security and Society*, Summer 2005, pp. 62-69.

thought that, as believers in the relative power of comprehensive national strength, the Chinese envisage their dramatic military and economic growth will skew the negotiating table against India, and generate attractive options of a military solution, simple usurpation or coercive bargaining.<sup>21</sup> Such a hypothesis flies in the face of India's own rising national power, nuclearisation and success in setting up balancing coalitions (India-US-Japan) to offset Beijing's growing clout, followed by negotiations on relative territorial claims. The process of demarcation, delimitation and delineation of the boundary could take a decade, if not more. Given the vastly improved overarching bilateral climate, the time may be right for the political leadership on both sides to evolve a quick fix of a fair, reasonable and mutually acceptable resolution of the problem. It would be useful to note that two retired Indian Foreign Service officers in a study on this subject have concluded that "both sides have to give up territory and they must prepare their public for the same."<sup>22</sup>

## THE MILITARY DIMENSION

### *Sources of Conflict and Force Use*

China's position on territorial integrity is anchored in its historical legacy, and goes back to the Qin dynasty (221-206 BC) when it was first unified. Contemporaneously, for the ruling Communist Party elite, "great national unity" and nation-building are incomplete without recovery of territories that were 'lost' in its modern history. Having achieved 'reunification' with Hong Kong and Macao, territories claimed on the boundary with India could constitute a source of conflict for 'teaching a lesson' type of local wars justifying use of force. The rationale for such options is said to include unresolved territorial disputes, undeclared disputed borders, contradictions in oceanic interests and maintenance

21. An objective elucidation of this school of thought is available in Alastair Ian Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History* (Princeton: Princeton University Press, 1995) and Michael D. Swaine and Ashley J. Tellis, *Interpreting China's Grand Strategy: Past, Present and Future* (California: RAND, 2000).
22. Jairam Ramesh, *Making Sense of Chindia: Reflections on China and India* (New Delhi: India Research Press, 2005), p. 13.

of regional balance of power.<sup>23</sup> China's White Paper on Defence (2004) lays stress on technology-intensive and manpower-lean military power as an effective instrumentality in international relations, a development that India cannot fail to notice.

### *Doctrinal Transformation*

The Chinese armed forces have exhibited a rare dynamism in the alacrity of their doctrinal transformation to incorporate lessons of the wars in the Gulf (1990-91), Kosovo (1999), Afghanistan (2001) and Iraq (2003). From *People's War* (1950s-60s), the shift to *People's War Under Modern Conditions* (early 1980s) to *Limited War Under High-Tech Conditions* (post-Gulf War) was unambiguous. The current doctrine of *Local Border War Under Informationalisation* (info-tech and knowledge-based warfare) focusses on asymmetric, non-contiguous and non-linear operations, with increasing focus on command of the 'air' and 'sea', joint operations, forward positioning and potential engagements in conflicts beyond China's immediate periphery. It would be useful to recall that in a book, *Unrestricted Warfare*, two serving senior colonels of the People's Liberation Army Air Force (PLAAF) envisage a future war without constraints or limits on the methods of force employment, with even information networks, financial systems, power grids and transportation assets constituting targets for attack.<sup>24</sup> India's rapidly expanding information-intensive computer-processing networks would be extremely susceptible to such unrestricted war techniques, and the need to develop capabilities to reduce vulnerabilities on this count need hardly be underscored.

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23. Lin Gongji and Luo Haixi Guofang Lilun, "Theory of National Defence" (Chinese National Defence University, Military Training Department, Publications 1996), p.94. quoted in Srikanth Kondapalli, *China's Military Capabilities in 2000-2010*, p. 196.

24. Col Qiao Liang and Col Wang Xiangsui, *Unrestricted Warfare* (Panama City: Pan America Publishing Company, 2001).

### *Military Modernisation*

Having successfully accessed former Soviet Union states for development of high-tech weapons systems since the 1980s, China's military modernisation is justifiably centred on the war-clinchers of modern times: air power and maritime forces. It is not without reason that the heads of the PLAAF and People's Liberation Army Navy (PLAN) have for the first time been made members of the all-powerful Central Military Commission. China's application of overwhelming force is clearly geared towards long range air power, in-flight refuelling, advanced electronic warfare, airborne warning and control system (AWACS)-capable aircraft, precision guided weapons and latest generation precision force short range ballistic missiles (SRBMs). Maritime forces are being feverishly upgraded with possible induction of aircraft carriers, additional destroyers, submarines, and amphibious vessels for marine corps landing operations. Leaner and meaner land forces are sought to be developed with rapid reaction forces, special force units and enhanced mobility. Of immense concern to India, such a modernisation by itself has the potential of weapon transfers to Pakistan as well. Actual growth of defence expenditure is being sustained at above 9 per cent, and at \$ 25.57 billion (Defence White Paper 2004), official defence spending – even disregarding China's opacity at such times – is the second highest in Asia after Japan. The military space programme – camouflaged in civilian nomenclatures – along with nuclear missile forces is said to receive the highest attention. Over 20 dedicated military satellites have been built for anti-satellite operations, communications, navigation and surveillance imagery among other applications.

### *India's Military Concerns*

The aforementioned circumstances under which China would employ force, its doctrinal transformations and sweeping across-the-board military modernisation require to be factored into India's defence calculus. Clearly, the military balance has begun to shift palpably in China's favour—the aerospace gap being particularly worrisome. Setting aside the West's Taiwan-centric

evaluation of China's military prowess, there is a need to assess the nature and character of military capability that China's armed forces can bring to bear against India. While the need for India to cooperate with China on a wide array of possibilities and options is paramount, in the mutual security interests of both countries, the military and technological gap between them must not be allowed to widen. The need for insurance by way of developing sufficient military and nuclear capability, including duly-tested operationised variants of the Agni (with range up to 5,000 km), for credible conventional and nuclear deterrence in relation to a growing China that could challenge its neighbourhood and possibly India, in the decades ahead, cannot be overemphasised.

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### *Economic Engagement*

Unarguably the most promising area of bilateral cooperation that has shown robustness and resilience is the India-China economic engagement. Going back in time, the two countries dominated the world economically at the beginning of the 18th century and there is optimism, based on current trend lines, of their reemergence as economic powerhouses that would reshape Asia and the world in the decades ahead. A spectacular rise in the growth of trade, in volume and percentages, over two decades (from \$ 676 million in 1993 to \$ 25 billion in 2005) has not only lent buoyancy but also transformed the baskets of goods traded. Historically, trade has been generally in India's favour but figures for the quarter, April-June 2006, indicate a shift in favour of China. Also, earlier fears of Chinese goods swamping Indian markets have evaporated; Indian industry has acquired a large measure of self-confidence to compete.

The truism that trade creates mutual interdependence and securitises a relationship and renders it immune to any unsettling turbulence is proven by the US-China example. Any conceivable US action against China is severely circumscribed by the trade factor, most notably the gigantic American trade deficit. Could such a scenario of mutual trade-cum-economic dependence serve as a model for India and China? In 16 years, China's imports-exports as a percentage of gross domestic product (GDP) rose from 10 per cent in 1978 to 45 per cent in 1994 (*Beijing Review* 1995).<sup>25</sup> On the other hand, India's imports-exports vis-a-vis China constituted only 5 per cent of its overall imports-exports during 2003-2004.<sup>26</sup> The potential for bilateral trade is immense and to realise the same "India and China must jointly identify barriers to trade and move to remove them. This means putting procedures in place, ensuring transparency and overcoming the information/language barrier."<sup>27</sup> Complementaries abound: in information technology, China and India have core competencies in hardware and software; China constitutes a hub in manufacturing, whereas India's burgeoning strengths in the services sector are internationally recognised. These complementarities need to be mutually leveraged.

India and China are reaching out economically and integrating with their neighbouring regions. India's forays on economic linkages through BIMSTEC (Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation) as an alternative to the ponderous SAARC (South Asian Association for Regional Cooperation) and JACIK (Japan, China, India and Korea) have not translated into projects, investments and results on the ground. In contrast, even as China continues to have a large economic footprint in East Asia, Southeast Asia and Central Asia, each country is striving for cross-regional presence – China in South Asia and India in Central Asia and East Asia. Energy security is a yet another dimension of their bilateral relationship. China imports between one-third to two-fifth of its energy needs; for India, the figure is nearly two-third. Their burgeoning

25. Wu Xinbo, "China".

26. For a comprehensive evaluation of the India-China economic engagement, see Amita Batra and Arvind Virmani "India-China Economic Relations," *Security and Society*, Summer 2005, pp.106-116.

27. Arvind Virmani, " 'From Bhai Bhai' to 'Buy-Buy'," *The Indian Express*, April 13, 2005, p. 8.

energy hunger, among other factors, has contributed to a sharp upward turn in global oil prices. Thus, imperatives of energy security could inevitably raise the possibility of both cooperation and confrontation.

It is in the opening of their respective frontier regions and the need for greater connectivities that the potential for mutual cooperation could be maximised. Here China has had a head start: over the years, it began to implement the strategy of prizing open its outlying western and southwestern regions bordering India. On the other hand, the Indian establishment has been reluctant to evolve similar creative approaches for the

concept of linking borders, people, trade and security in a holistic framework.<sup>28</sup> The key is said to lie in the three Cs (connectivities, competitiveness and communities) and three Ts (trade, transportation and tourism). The non-official academic-centric Kunming Initiative that envisages enhanced land connectivity on the borders and creation of a trans-Asian rail-road network among India, China, Bangladesh and Myanmar seems mired in the perpetual security dilemma. Apprehensive of increased Chinese influence in the troubled Northeast, India uses Bangladesh's diffidence to provide transit to Kolkata as an excuse for lack of forward movement. But there is a strategic need to go ahead with providing connectivity from the Northeast to Myanmar and Yunan, as Bangladesh would have to eventually bow to the inevitable.

The greater Mekong Sub-region Economic Cooperation programme, launched by China in 1992, with Thailand, Vietnam, Laos, Cambodia and Myanmar has

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28. This writer's experience of interaction with local communities at Leh, Ladakh (Jammu and Kashmir) during two security-related conferences on India-China relations (August, 2004 and October, 2005) [organised jointly by HQ 14 Corps and Centre for Strategic and Regional Studies, University of Jammu] brought home the widespread support such a concept enjoys among the people living on the country's remote borders. The elderly among them recalled with deep nostalgia their forefathers' involvement in trade with the communities in Kashgar, Yarkand and Khotan.

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southwest. Likewise, a future road linkage between Demchok in southeastern Ladakh (Jammu and Kashmir) and Tashigang across the LAC in Tibet could boost trade, socio-economic and cultural linkages. Advances in mountain construction-engineering, so palpably demonstrated by the recently opened Lhasa railway line, and being attempted in the on-going railway link project for the Kashmir Valley, should resolve the currently formidable constraints of terrain, altitude and logistics in the Himalayas

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acquired traction. At the November 2004 six-nation Phnom Penh summit, the declaration on a ten-year strategic framework for cooperation in diverse sectors like energy, health, education, environment, transportation and telecommunications served as a clear-cut road map. Not surprisingly the Ganga-Mekong project, a similar sub-regional Indian initiative with these countries (minus China) has floundered, possibly due to bureaucratic inertia and ineffective trans-ministerial coordinating and monitoring mechanisms. India would do well to impart greater dynamism to such sub-regional cooperation initiatives.<sup>29</sup>

As to border trade, opening of the trading post at Nathu La in August 2006 would provide India the shortest route to Tibet and serve as a gateway into China's south and

29. A strong advocacy for sub-regional frontier-related cooperation involving enhanced connectivities, trade and economic linkages, tourism, etc has also been made by C. Raja Mohan, "Sino-Indian Relations: From Security Dilemmas to Strategic Cooperation" in *Security and Society*, Summer 2005, pp. 50-61 and Ramesh, n. 22, pp. 41-45.

These could eventually link Jammu and Kashmir and parts of northern India to the Xinjiang-Kashgar oil and gas energy pipeline grid. The Demchok-Tashigang road would provide a shot in the arm for pilgrim tourism to Kailash-Mansarover as it involves a travel time of two days from, say, Delhi, inclusive of a flight to Leh, as against the currently prevalent extremely inconvenient and physically exhausting road travel of nearly three weeks via the Lipulekh Pass in Kumaon. However, the key factor that will govern successes in all these mutually beneficial endeavours in economic engagement would be the pace at which the political relationship takes a forward leap.