

INDIA-CHINA: - CONFLICT AND COOPERATION IN FUTURE PROSPECTS

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Abstract

This paper will expose the rise of china and India in economic sphere at the regional level with the prospects to become global giants in the decades to come. In spite of their territorial disputes, the two nations are eligible to command the economy and security of world in general and Asia in particular. The last two decade of 20th century witnessed revival of Sino-Indian relations as 1962 war shuttered their peaceful co-existence dreams. 1st decade of 21st century witnessed as peaceful with co-operation because the two states are paddling their relations through mutual co-operation on various fronts. South, South East Asia and South China Sea are another arena of competition for the two. Keeping in view the emerging relations, this paper will focus upon Sino-Indian relations through the reflection on conflict, cooperation and competition. Their history of relations revolves around these C₃. Economic reforms in their respective countries accelerate the tempo of their economic relations. In 21st century they are hoped to be the economic giants with less importance to their long stand unresolved disputes. Their perpetual cooperation led to the emergence of “Chindia”.

(Keywords: Chindia, Cooperation, Economic Reforms, Geopolitical issues, Competition, Look East Policy.)

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Introduction

'People ask me what about India vs. China? But I ask them what about India plus China. It's being called Chindia'.¹

(Bill Gates)

The current debate on Indo-China relations among strategic and academic community has raised various issues and contexts including conflict, cooperation and future prospects. The last six decades of India-China relationship haven't been lived more under the influence of mutual mistrust and suspension than cooperation and cordial environment. They are not only good neighbours but peer competitor for resources with hostility. The ascent of China as an ongoing symbol of global economic and military power is the product of various geopolitical, economic developments since the last three decades. Since 1980's various conflicts in West Asia, tense relation between Moscow and West and India's internal problems like naxalism, Insurgency in Kashmir, separatist movements etc. all gave Beijing a space to its strategic and economic increase not only in Asia but also in other parts of the world. The Introduction of Liberalization, Privatization and Globalization (LPG) in India in 1991 on the other hand, changed the economic policy of India. China already liberalized her economy in 1978, and was one of the most state-owned economies of the world.² The initiation of economic reform by the two nations resulted in soft partnership between the two. This shift has brought changes in India's GDP. India's economic growth since 2005 is above 8% and china is one of the top trading partners. In 2008 china was the largest trading partner of India. Now India is one of the fastest growing economies in the world with china. Thanks to globalization and Free Trade Agreements (FTA) for this gigantic growth. India and China in 21st century are the twinkling economic stars in the world and have been named as countries with the potential of huge economic growth in the coming years. As the world watches in awe, China and India are in a new form of cooperative relationship and are the economic might of Asia. Huge domestic markets, cheap labour, and governments pursuing investment policies, both countries are projecting their influence in virtually every aspect of 21st century global business. Economically the two are treading on the same path; politically the two are completely different. China is single party authoritarian while India is democratic with national and regional political parties. The two are advance in Asian military strength with convergence and divergence connections.

The Five Principles of Peaceful Co-existence were the basis of flowering relations between the two until 1962 when the two contested on boundary dispute. This war dashed their peaceful relation for next three decade. 1988 when Prime Minister Rajeev Gandhi visited Beijing and emphasized the pro- motion of ‘peaceful and friendly’ ties between India and China on the basis of the doctrine of peaceful co-existence. He emphasised on the principles of peaceful co-existence and stated that, India and China being the initiators of five principles of peaceful co-existence can bring about sound development in Sino-Indian bilateral relations on the basis of these principles. Till 1962, the two peacefully embraced Panchsheel (Five Principles) and their slogan was Hindi Chini Bhai Bhai (Chinese and Indians are brother). China's Premier Wen Jiabao repeated this slogan in 2006 when he visited Indian Institute of Technology in New Delhi. The revival of this slogan remarked convergence and cooperation between the two nations swiftly. The economic, political and military strength of China and India increased with turns in new century. China was one of the critics of India’s nuclear tests held in May 11 and 13, 1998 because china did not want India to be nuclear. George Fernandes, the then Defence Minister declared China as ‘No.1 threat.’

In 21st century they have emerged as leading technologies, economic giants of Asia with competition and cooperation. Their trade crossed US\$70 billions, millions of investment and billion of project contracts in 2011. It is the right time for them to move beyond conflicts and start cooperating politically, economically, and technologically for Asia in general and mutual benefits in particular. Recently, China has recently emphasis on the Sino-Indian bilateral partnership. China kept US behind and became India’s largest trading partner in 2008, two year later New Delhi and Beijing hoped to target bilateral trade to 100 billion dollars by 2015.³ The rise of India and China is not only beneficial to Asian economy but also to world economy. In future it will of course, be, beneficial to bourgeoisie and proletarians, haves and haves not’s, to those who could not get two square meal per day. It will have worldwide impact on markets, resources and geopolitical influence because it is the century of markets and emerging nations. They can coordinate on global issues, and both see a larger reality that the Western-dominated global economic order needs to be challenged by emerging powers, especially India and China. This paper analyses their conflict, competition and cooperation with the hypothesis that their long standing border disputes pose a threat to their economic relations. Their “mutual and peaceful rise” and emerging economic, diplomatic relations is the bright indication of the growth

which gave birth to a term called 'Chindia'. China, with its massive factories, serves as the world's workshop, while India, with its fast-growing IT and outsourcing sectors, is becoming the world's back office. Both are complementary to each other this led the genesis of the word "Chindia," coined by Indian politician Jairam Ramesh in 2005 in his book, "*Making Sense of Chindia: Reflections on India and China*". Together, they contain over one-third population (38% about 2.5 billion) and are the emerging economies in the world.

Since 2000 the two are engage in trade and commerce. But in spite of growing economic and strategic ties, geopolitical issues are creating malice which may cripple their future relations during conflict if occurred. It should further be noted that ultimate benefit is in peace not in war. The two countries have failed to resolve their long-standing border dispute witnessed three major military contest within 25 years; the Sino-Indian war of 1962, the Chola incident in 1967, and the 1987 Sino-Indian Skirmish. Both nations have steadily built-up military infrastructure along border areas.⁴ Beijing has a baseless claim on Arunachal Pradesh because they have neither ruled nor they ever have any contract or communication with this part in the complete history. China claims this part belongs to Tibet which it has been controlling now, but Dalai Lama, the spiritual leader of Tibet has made it conform that Arunachal Pradesh is an integral part of India.⁵ China on the other does not want Indian govt to allow Dalai Lama to visit Arunachal Pradesh and calls him a "separatist". Indian response has favoured Lama as an honoured guest of the Indian govt and was freely allowed to go anywhere in India. Apart from boundary disputes, East Asia, South Asia and Indian Ocean, which is concerned with their imports and exports, are the major arenas and theatre of conflict and cooperation. So far as South East Asia is concerned, it is very important for the two in terms of imports and exports. China is a member of, or regular participant in, the following multilateral groupings: APEC, ARF, ASEAN+3, the EAS, the SCO, the Shangri-La Dialogue, the Six Party Talks, and the Tripartite Summit (China, Japan and South Korea).⁶ SAARC, ASEAN, IOR-ARC, ECO, BRICS etc are important regional, economic and security organisations for the two. These organisations also have shaped their ascendancy in South East Asia. India's Look East Policy has dual objectives; to adopt defensive approach against China in East through Indo-Myanmar border and to maintain physical access with South East Asia. Myanmar is the only East Asian country that has common borders with both India and China. It is strategically located and has 1670 km long land and 200 km maritime border with India and is the gateway to South East Asia. It was India's 4th largest trading partner in 2009-10.

There is no real regional integration in East Asia as China on the other through FTA which signed between ASEAN and China in 2002, investing in the region to show her benignancy. China has also heavily invested in the ASEAN states and provided some financial assistance to them. To replace the concept of “China threat” China has tried to bring out the concept of “China opportunity” in convincing the ASEAN countries that China’s growth can create opportunities for them.⁷ China strongly prefers low institutionalization in regional cooperation. This attitude will not change fundamentally as long as the Taiwan Issue and the South China Sea disputes are not resolved. In this context, both have similar problems of border disputes which can affect their future relations. The big players in International Relation are expecting that the future command of Global Economy will be in the hands of Chindia. The present paper will analyse how they shifted their relations from divergence to convergence with pending issues that can create a debate for future relations. The prospect to cooperate rather compete is the main argument of the paper. Cooperation, peace and mutual rise leads to prosperity not hostility, and the ultimate rejoice is in peace not in war.



1. *Map of Sino-India with conflict zones in red strips. It is available at http://blog.foolsmountain.com/wp-content/uploads/2010/03/map_disputedterritories1.jpg.*

Unresolved Conflicts

India and China after one decade of independence locked in boundary dispute. Tawang region of Arunachal Pradesh and Aksai Chin of Jammu and Kashmir is a bone of contention between the two. They fought thrice on boundary dispute in 1962, 1967 and 1987. India’s defeat in war in

1962 was quickly followed by another uncomfortable military development for India, China's explosion of a nuclear device in 1964. This may have been carried out by Beijing primarily with the US and perhaps the Soviet Union in mind. However, one side effect was that India was now faced not only with a territorial foe, but also a nuclear foe, an uncomfortable power imbalance from India's point of view.⁸ In 1998, India conducted Pokhran-II test, Prime Minister Vajpayee wrote to Bill Clinton that we have an overt nuclear weapons state [China] on our borders which have committed aggression against India in 1962. Relations with that country no doubt have improved in the last decade but an atmosphere of distrust persists because of unresolved border problem and her aid to another neighbour of ours [Pakistan] to become a covert nuclear weapons state.⁹ Indian nuclear test created a set of tension for Beijing. China condemned the test and stressed that India and Pakistan should sign CTBT and NPT. Indian Defence Minister George Fernandes declared that "China is India's number one threat" but Chinese leader insisted that china was not a threat to India.¹⁰

Apart from that Tibet, the natural buffer between the two is claimed by china is more humane towards India. Dalai Lama, the spiritual leader of Tibet is soft towards India; China on the other does not like this and is hard in approach towards Tibet. Beijing has apprehensions about the presence of the Dalai Lama and the Tibetan government in exile in India. New Delhi on the other hand is suspicious of the covert relations between China and Pakistan. China's cooperation with Pakistan particularly training to army, nuclear weapons deals and missiles etc. Indicates that China seeks to either contain or encourage a third party like Pakistan to create an act of adversary to India's core interest. From India's point of view, China's close nuclear links with Pakistan remains an exasperating factor in Sino-Indian relations, Pakistan already has dispute over Kashmir with India. Thus, India China and Pakistan are 'tri-rivals of Asia' with nuclear power and boundary dispute; trust deficit is a part and parcel of their relations. Boundary dispute cannot be eschewed by tri-rivals, if they solve boundary dispute, they will soon be realized the paths of developments with greater and warm co-operations. Pakistan has convergence relations with china and divergence with India. India is maintaining a soft approach towards China probably due to it doesn't want to risk the billion dollars worth bilateral trade. India's Look East Policy has integrated her with Japan. Military-security cooperation has brought Japanese naval units into the Indian Ocean alongside India.

From a geopolitical and strategic point of view, India and Japan are able to pose a two pronged pincer challenge to China. The South China Sea, another potential energy field wanting to be tapped by India, is an area claimed by China, but disputed with other Southeast Asian states. This area became the arena of conflict and competition between India and China. India's attempts to drill for oil in the South China Sea, in a part controlled by Vietnam but claimed by China, brought angry Indian comments. India's military and economic involvement in the South China Sea is likely to grow in the future, as part of its envisaged extended neighbourhood. In Myanmar, important energy bids lost by India to China during 2006–07 will likely spur India to greater efforts to win back energy access in Myanmar. India may hope to have the Indian Ocean as its particular arena, in effect as India's ocean. Till recently China's approach has been soft power diplomacy through engagement in the South China Sea Cooperation Declaration and asking for a peaceful resolution of the conflict "One can say that China is bullying countries like India . . . China is hitting India's soft belly at will and India should do something serious about it. China is a growing economy and there is no denying this fact but the time has come for India to assert itself in verbal terms about its own strategic interests."¹¹

From the outside, resolution of their border issue seems possible, through India accepting Chinese control of the Aksai Chin in the west and China accepting Indian control of Arunachal Pradesh in the east. Longer term energy cooperation is feasible, even though minimal, hesitant and undermined by evident competition in the short term. However, neither state will want to antagonize the other too much, both will want to maintain their own long term grand strategies of peaceful rise and economic modernization, neither will want to be taken for granted by the other or by other third parties, both will approach each other with increasing caution and care. Time will tell, literally and strategically, how they will use their power toward each other, once their mutual rises are completed around 2040/50. China holds that she could not allow a "separatist" like Dalai Lama to move to Arunachal Pradesh which China claims as its own. Repudiating China's claims, the Indian Foreign Secretary, Nirupama Rao, said, that as an "honoured guest of the Indian government Dalai Lama was free to travel anywhere in India." Several scholars have suggested that the Indian government should ask Dalai Lama to leave India if it wishes to strengthen its ties to China in the new global capital order. China has poked India at various levels, namely the border issue, yet again. Whereby, Beijing issued e-passports which included watermark Chinese maps showing Arunachal Pradesh and Aksai Chin as parts of China recently.

In a tit-for-tat and rather befitting response to this untimely and needless move, New Delhi has begun issuing visas to Chinese with India's map illustrating both areas as an integral parts of its territory.

The relationship between Asia's two rising giants is needs to extend straightforward rather than contest for dominance in the region. A state of "competitive coexistence" will continue to characterize India-China relations whereby issue-based cooperation will take place under an overall climate of strategic mistrust. Sino-Indian relations in the 21st century packed their long standing claims and opened the doors of co-operation and mutual benefit as a result China overtook the United States and became India's largest trading partner in 2008. The recovery of target of bilateral trade up to U.S. \$100 billion by 2015 by the two is seems to be spending. India's observer status in the Shanghai Cooperation Organization (SCO), China's matching position in the South Asian Association for Regional Cooperation (SAARC), and both states' involvement the East Asia Summit (EAS) and annual BRICS Summit offer further opportunities for India and China to cooperate beyond their territorial expectations and even jointly lead at a regional level. It interesting to note that neither country has the ambition to exploit these opportunities and prospects rather tried to gain and cooperate. India and China no doubt are strategic rivals in Asian Continent; creating balance of power approach; conflicting geopolitical interests; military modernization and force posture; economic competition; and soft power. More broadly, while India and China do not currently view each other as economic rivals, many argue that their trade interdependence is unsustainable and that there exist a number of latent grievances in the economic relationship. Above all, there is a large imbalance in bilateral trade. India and China are grappling with crises of national identity and even separatist movements among certain groups. The think tanks of both states are acutely aware that how much they will gain in conflict and cooperation. The rise of China and India exemplifies most dramatically Asia's resurgence in the global system if so, the two not engage each other in tug of war upon their unresolved issues rather co-operate.

Revival of Cooperation

*'China and India will be the two pagodas of economic power in the 21st century.'*¹²

-Wen Jiabao, Premier, People's Republic of China

The last decade of 20th century witnessed the resurgence of Sino-Indian relation through peace and tranquillity from three decade cold relationship. India and China have adjusted their relations

by treating each other as partners rather than adversaries since Rajiv Gandhi's visit to Beijing in 1988. Since Prime Minister Rajiv Gandhi's visit, the first by an Indian Prime Minister to China since 1954, trade and economic relations have boomed, and there are regular and frequent high-level visits and meetings between Indian and Chinese leaders. During Deng Xiaoping's era Chinese perspectives on India shifted and China viewed India as a natural and next door brother state with which it had only boundary disputes. The two countries' initiation of economic reforms (1978 in China, 1991 in India), and exceptional growth rate since 1990's however, have sparked a resurgence of interest in the Sino-Indian relationship. Both have experienced convergence on a Cooperative and stable relationship. Though Indian nuclear test in May 1998 create a debate between the two but it does not derail the cooperative relation. George Fernandes statement and Vajpayee letter to Bill Clinton create a hot debate between India and China. The tension of threat eased when Indian External Affairs Minister, Jaswant Singh visited Beijing and both agreed not to regard each other as threat.¹³ After Singh's visit, the two seemed cooperative and even China remained neutral in Kargil War between India and Pakistan in 1999. The Beijing dominated SCO is supportive for India's permanent membership and India's desire also will not only cementing New Delhi Beijing partnership but New Delhi will working towards cementing its ties with the Central Asian Republics (CARs) both at the bilateral and multilateral levels. India's as full SCO member can play multifarious roles and activities. It will provide various benefits to India like "greater visibility in the Eurasian region, which is strategically important for India. Secondly, it will enable India, as an integral part of the Eurasian security grouping, to neutralise centrifugal forces arising from religious extremism and terrorism... thirdly, it will provide India with a forum where it can constructively engage both China and Pakistan... More importantly, cooperation in the three critical areas; energy, building trade and transportation links and traditional and non-traditional security threats"¹⁴ China's perceptions on SAARC are also similar. China also wants to taste the SAARC and said it would like to establish "more pragmatic and effective cooperation" with SAARC to play a constructive role in promoting regional peace...China's interest in becoming a dialogue partner of SAARC. China values its relations with SAARC."¹⁵ For South Asian connectivity, China has described India as its "partner and not rival" and expressed willingness to work with New Delhi and other SAARC members to improve mutual relations and regional connectivity. About strategic rivalry between India and China in the region China said that her effort to improve relations with all South Asian countries,

including Bhutan and Nepal, is "not targeted at any third country, nor will it hurt the interests of other nations. Instead, it will only add to the common prosperity of the region. China is also ready to expand cooperation with India in promoting regional development.¹⁶ India and China since 1888, setup several institutional mechanisms economic and commercial engagement like India-China Joint Economic Group (JEG) on Economic Relations and Trade, Science and Technology, a ministerial-level dialogue mechanism established in 1988, A Joint Study Group (JSG) established in June 2003 during Vajpayee regime to examine the potential complementarities between the two countries in expanded trade and economic cooperation, a Joint Task Force (JTF) was set up to study the feasibility of an India-China Regional Trading Arrangement. There are also Joint Working Groups on Trade, Agriculture and Energy. In Dec 2010, both countries agreed to set up the India-China Strategic and Economic Dialogue (SED). India is the 2nd country after US with which China holds this type of a dialogue. First SED was held in China in September 2011 and 2nd in 2012. It is quite recent and probably the newest forum for contacts between the two nations.¹⁷ By 2020, it is projected that Chindia will have: One third of the world's mobile subscribers and a \$100 billion mobile handset market, A \$480 billion packaged food market, equivalent to 1-1/2 times the present U.S. market, Bank loans valued at \$9 trillion, double of Japan's GDP.¹⁸ Regarding the future of India and China James Wolfensohn, former World Bank President remarked, "Western nations must prepare for a future dominated by China and India, whose rapid economic rise will soon fundamentally alter the balance of power."¹⁹ It is true that their bilateral trade boosted in recent years with significant growth rates. In 1977 the trade resumed between the two and was just \$2.45 million, in 1987 it was \$123.5 million, 1 billion was in 1995, 2 billion in 2001.²⁰ In 2008 replacing US, china became India's largest trading partner with \$51.8 billion however their trade declined for the first time due to world economic downturn and dropped to \$ 43.27 billion in 2009 (a decline of 16.54%). In 2010 bilateral trade reached \$ 61.74 billion, in 2011, bilateral trade stood at \$ 73.9 billion.²¹ In 2012 their trade further declined by 10.1% to \$66.47 billion.²²

Year	Trade (in Dollars)
1977	2.45 million
1987	123.5 million
1995	1 billion

2001	2 billion
2008	51.8 billion
2009	43.27 billion
2010	61.74 billion
2011	73.9 billion
2012	66.47 billion
2015	*100 billion

India China Trade at a glance.

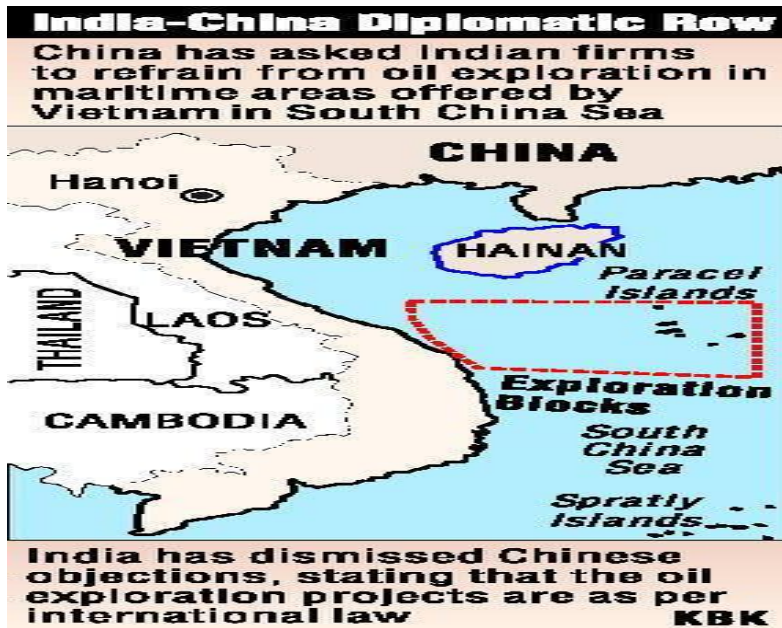
**Expected bilateral trade between the two.*

Their Gross Domestic Product (GDP) is perpetually declining since 2010. In 2012-13, India's GDP is just 5%. Chinese GDP in 2012 was the slowest since 1999, in 2010 it was 10.4%, and it reduced to 9.3% in 2011, further declined to 7.8% in 2012.²³ Same is the case of Indian GDP which perpetually declining since 2010.²⁴

Year	India's GDP (in %)	China's GDP (in %)
2010-11	9.3	10.4
2011-12	6.2	9.3
2012-13	5	7.5

Emerging Competition in South East Asia

China as a rising power in Asia and the world when she looks around through the angle of competition it sees India as an emerging power going parallel to her. Emerging here in socio-economic, political technological and military sphere through various reforms, partnerships, pacts, treaties, deals etc. Competition has two facets; military, economic, technological etc. and competition for resources in the region especially south East Asia. The presence of Indian oil companies in South East Asia especially in South China Sea is an alarming factor experienced by china. Recently China provoked India's presence in south china sea exploration project and said "Our consistent position is that we are opposed to any country engaging in oil and gas exploration and development activities in waters under China's jurisdiction,"²⁵ China does not want other countries involvement in South China Sea.



Source.

http://www.thehindu.com/multimedia/dynamic/00783/TH16_COL_CHINA_eps_783747e.jpg

China on the other cannot prevent the rise of India that might, in the future, prevent it from taking its rightful place as a global player. China sees India as near peer competitor. China's friendship with Pakistan, its increasing influence in Nepal, Bangladesh, and Burma, its stand firmly on denial to recognize parts of India such as Arunachal Pradesh, its lack of support for India's permanent membership to the UN Security Council and other regional and global organizations, its unwillingness in Indo-US nuclear pact, all point towards China's attempts at preventing the rise of India as a regional and global player. With India's recent rise as an economic and political power of global significance, Sino-Indian ties are now at a critical juncture with India trying to find the right policy to make convergence with its most important neighbour.²⁶ India and China are locked in a struggle not only for global hegemony but in the first instance for Pan-Asian leadership. Three regional, economic and security organizations—SAARC, ASEAN and SCO—illustrate the jostling for power. Of these, SAARC is symbolically significant with little political or economic substance. It talks about regional cooperation among eight South Asian countries. China is not its member. ASEAN combines Southeast Asia's economic concerns with its security needs through the ASEAN Regional Forum (ARF). India's integration with ASEAN was articulated during Narsimha Rao regime through Look East Policy

in 1992 when India became Sectoral Dialogue Partner. India became full dialogue partner of ASEAN in 1995 and member of ASEAN Regional Forum in 1996. India is a regular Summit-level Dialogue Partner of ASEAN since 2002 and a member of both the East Asia Summit (EAS) and the Asia–Europe Meeting (ASEM). Trade, economic, and defence ties have been surging ahead. Air links, tourism, and people-to-people ties have developed dramatically. Today, this region is India's largest trade partner (about 35% of total trade).²⁷ India-ASEAN Free Trade Agreement, was formalized at India-ASEAN Summit in Singapore in 2011 through which India wants greater integration with the small littoral states and check Chinese influence in the region. "India is indeed pursuing an ambitious policy in East and Southeast Asia, joining forces with smaller states in the region in order to offset China's growing dominance, China is also cordoning East and Southeast Asia through huge economic assistance. The Shanghai Cooperation Organisation (SCO) basically created by China to solve border disputes with Central Asian states later remains a politico-military and security organization dominated by Beijing's interests. These regional organizations, however, articulate multilateral concerns, which are greatly shaped by the competing interests of Beijing and New Delhi. India and China thus build bilateral relations to influence the regional agenda. As a result, it is the economic strength and to a lesser degree of military might of each country that is fuelling the drive for ascendancy in Asia. These organisations have accelerated the tempo of competition between China and India. China is a strong supporter of ASEAN's central position in the region and has developed an extensive bilateral relationship with its member states. China knows that India is the only country that could possibly challenge its ascendancy and potential hegemony in Asia, and therefore it makes sense for China to try to keep India under pressure.

China wants India mere a regional player not of global politics. The success of the Indian developmental model poses a significant challenge for the Chinese regime. It is interesting to note that Indo- U.S friendship showed pungent taste for China. China has not only started tighten the screws on India, but also entrenched herself in India's neighbourhood. China wants to check and balance Indian influence in South East Asia which is highly vital for the two. Now, the Sino-Indian competition is for global energy resources. The development of infrastructure by China in its border regions with India has been so rapid India, on the other is now trying to catch up with China by improving the infrastructure on its side of the border areas. It has deployed two additional army divisions, heavy tanks and ramped up its air power in the region that is a bone of

contention between India and China.²⁸ From Chinese perspective, her rising is compulsory because at the regional level mushrooming growth of India and Japan is one factor and Influence of US at international level is the other. China does not want US to be single global giant. China's current strategy towards India reveals engagements and deterrence. India's rise in economic sphere as a positive development that promotes core Chinese interests but military and strategic rise challenges her that is why she criticize Indian nuclear test in 1998 although does not impose economic sanctions like US. China believes that it shares many common interests with India that US does not. From Indian perspective her rising as well as engagement with China is a part and parcel of her regional foreign policy, national security, stability and prosperity. India's military strength is compulsory because of the convergence between Beijing and Islamabad on one side and her boundary dispute with the two on the other are real threat to India. Apart from that, India does not ignore the billion of trade with China. Despite divergences in the perceptions and approaches of New Delhi and Beijing on their issues, both countries have enormous potential and opportunities to expand and deepen their economic and trade ties in their mutual interest. Emerging trends indicate that both India and China would remain highly competitive in the global and regional trade and economic domain, and would continue to compete for status and influence in the Asian region.²⁹

An Analysis

China's occupation of Indian territory in the Aksai Chin area in 1962 war, Pakistan's gifted 5,180 sq km territory of Shaksgam Valley, which is part of the Indian state of Jammu and Kashmir (J&K) and China's claim to the Indian state of Arunachal Pradesh are the Part and parcel of their divergence relations and tough debates for the two emerging nations. These core issues have the capacity to sweep their Geopolitical and economic relations if the two goes on conflict for non zero sum game. It is clear that national interest of each nation is their security and tragedy of conflict derails their relations. That is why from 1962 to 1977 their economic relation was nothing. Their economic relation starts crawling when Deng Xiaoping came in power in 1978. Their economic rise is an opportunity for other regional state that can taste their bilateral as well as trilateral relations. Southeast Asian states seek to advance their national interests through their powerful Association of Southeast Asian Nations (ASEAN) in order to promote regional autonomy and security architecture. While welcoming the rise of the region's

two large neighbours, they offered especially for the economic opportunities. Chinese trade with West Asia is through this vital region of east Asia. ASEAN states are also concerned with preserving regional autonomy. They does not wants cordial and divergence relations between the two and seek an equilibrium in external relations based on engagement with China and India.

Although Southeast Asian states favour U.S. regional involvement, they do not want to be forced to choose between external powers. India and China can dominate this region and India's future, going global, is inexorably tied to China's and East Asia's because of their economic weight in the world.³⁰ Why Southeast Asia is vital? It is not vital for India or China but other powers. Its waterways are a source trade for world. Southeast Asian maritime region include the South China Sea, the Straits of Malacca and Singapore and other regional straits, namely, the Sunda, Lombok-Makassar, and Ombai-Wetar. The South China Sea and Southeast Asian straits are significant because they are important waterways for every user nation in the conduct of foreign trade. More than half of the world's merchant shipping passed through the Straits of Malacca and Singapore, Sunda and Lombok in 1993, and over one-third of the world's fleet tonnage visited these straits during the same period.³¹

Economic globalisation has accelerated the tempo of integration among nations, and interdependence between big powers is dramatically increasing. This system has accelerated the two to reach at the cusp of history. Nations are integrated through various economic, political, regional, security, and military organisation to safeguard their interest. India's engagement with, SAARC, ASEAN, IBSA, BRICS, NAM, BIMSTEC etc paved the way to rise. Discussing the impact of Chindia on the world system, one could put both countries in a similar category as both have positive and negative facets. Both are expected to dominate the world economy by 2040, good bilateral trade, both have border issues, and most important both are nuclear power. But this does not mean that the two countries share the same view of the system, nor does it mean they have solved their bilateral problems. In 2008, china declared that, she recognized Sikkim as a part of India. Now that China and India have acquired great momentum and are recognised as rising powers, this historical lesson is significant in policy making. One could argue that, even if they are not able to solve the boundary issue in the years ahead, this is unlikely to impose a significantly negative impact on their respective behaviour towards each other within the international system. In China-India relations, concepts such as 'hostile enemy' or 'good neighbour', competitor or collaborator and rival or partner are not clearly defined. In

the past half-century, these concepts have come up, depending on specific situations. After the border conflict, for example, the concept of the other as the enemy prevailed for a long time, and, during and even after the Cold War, the concept of rivalry was applied despite the genuine progress of rapprochement. At a press conference in March 2004, Chinese Premier Wen Jiabao argued that, in more than 2000 years of exchanges between China and India, 99.9 per cent had been friendly, with conflict and tension prevailing for only a very short time. He thus strongly suggested a forward-looking vision for both sides.³²

In final analysis, the rise of Chindia is not and cannot be a zero-sum game either to the international system or to Sino-Indian relations. Regarding their divergence relations a question struck into mind. Will China continue to provide Pakistan with missile and nuclear technologies in the future? If there is nodding then Sino-Indian rivalry exists. From China's point of view, Pakistan is an important ally in the Indian Ocean for the purposes of achieving strategic influence in the Indian Ocean. At the same time, Pakistan regards China as one of its most important strategic partners in its own efforts to cope with threats from India. Chinese leaders think that through close naval co-operation with Pakistan, they can not only expand maritime influence towards the Arabian Sea, Indian Ocean or Straits of South East Asia but deter India also. Pakistan wants to deter India through china's security umbrella. China's regional policy is full of pragmatism. It can be driven by national interests, a great power mentality and strong moralism. From western perspectives, india need to be a global power as remarked by G.W.Bush in 2006 but did not mentioned what kind of global power they wanted.

Conclusion

China and India are in the same stage where the developed nations were in the past. Their engagement on various fronts is an indication of future eco-dominance in Asia as well as outside. Both are engaged in poising to reshape the geopolitical and economic landscape of Asia in 21st century so called Asian Century. The rise of China and India is an economic boon for not only regional countries but Trans-regional countries also because both have the huge potential of economic growth and trade. The two nations knew that they are being watched and hoped to become economic giants, the two nations should embrace it (Chindia) as bilateral policy of growth. Bilateral exchange of views will galvanize the mutual and erode their misunderstandings. Through this policy the two nations can solve their geo-political

deliberations. Their long standing issues can either be solved peacefully or became irrelevant. The two are convergence at bilateral level but divergence at tri level. For example, Between India and Pakistan China favours Pakistan, in South China Sea, China does not want Indian presence, in Myanmar, both have divergence approach. Between India and US, China feels bilious. Apart from their rise the two contains both positive and negative elements. Negative elements include, interference in Indian north east, covert connection with India's rival, Pakistan, perceptions on Kashmir and Taiwan etc. The relationship between the two with different socio-economic and political milieu has been marked by ups and down. While they have fought wars thrice in the previous century when their feelings were striking roots, they have shown maturity in their relations by constantly engaging through trade and commerce.

The revival of "Chinese and Indian are brother" by China's Premier Wen Jiabao in 2006 and "Chindia" are somehow turning point in Sino-Indian relations. 21st century is being regarded Asian rising. No Asian country other than China and India has the potential to become global giant. The next decade will be crucial in shaping the long-term trajectory for relations between Asia's two rising giants. There is a limited window of opportunity to build patterns of dialogue and mutual trust before a relationship of competitive coexistence is at risk and potentially antagonistic. The two if strengthen their perpetual economic partnership their stable growth will be beneficiary and they will be the keeper of economic stability in the world. The trends and prospects in this regard are quite positive, which will also help promote China-India relations. Asian states have a host of traditional security concerns, the pre-eminent of which are an array of as yet unresolved territorial disputes, ranging from the multinational claims over islands and reefs in the South China Sea to border disputes in the Himalayas. To be clear, states are not turning to security multilateralism to resolve these problems, indeed in many respects the unresolved character of these disputes in the face of so much institutional growth shows the very clear limits of these mechanisms; rather it is the recognition of the risks that these disputes pose given the increasingly inter-connected character of Asian states' interests that is driving states to security multilateralism.

End Notes

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