

POLICY BRIEF

China and India: A Sisyphean Bilateral?



**S. RAJARATNAM SCHOOL
OF INTERNATIONAL STUDIES**

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Executive Summary

In the annals of China-India relations, the year 2013 will be considered unique since the bilateral witnessed two behavioural traits simultaneously – adventurism and pragmatism. The ‘adventurism’ stems from the Depsang valley incident in Ladakh, India when on 15 April, around forty People’s Liberation Army (PLA) troops intruded 19 kilometres across the Line of Actual Control (LAC) into India’s Daulat Beg Oldi sector and set up camp. The three-week standoff that followed was resolved through diplomatic channels and on 4 May, the PLA troops and the Indo-Tibetan Border Police (ITBP), who had set up their camp 300 metres opposite the Chinese, withdrew to their original positions. The defusing of tensions reflected ‘pragmatism’ from both sides, coming as it did, before the visit of Chinese premier Li Keqiang to India from 19-22 May – his first overseas visit since assuming official responsibilities.

Going beyond the incident and its resolution, one cannot escape the deterministic trajectory cast by the boundary dispute on bilateral relations between China and India. Irrespective of explanations put forward by officialdom, the LAC between China and India remains an undefined, un-demarcated and largely uninhabited cartographic delineation between the two countries that passes for a border. The Depsang valley incident is fast becoming a footnote, but remains a recurring indicator that Asia’s two largest countries, to put it starkly, share a complicated relationship embedded with challenges not just restricted to the political and institutional difficulties in deciding their formal boundaries.

The Sisyphean nature of their bilateral engagements is witnessing an expansion of contested issues with new variables entering the discourse. This policy brief contends that:

- The six decades old boundary dispute between the two countries is displaying characteristics of a political deadlock and institutional intransigence in both the countries;
- The glaring lack of institutional mechanisms and weakness of existing ones encourages powerful domestic constituencies to monopolise discourse and opinion-building on both sides thereby making for poor foreign policy decision making on both sides; and
- The emergence of new ‘categories’ – especially India’s increasing trade deficit with China and sharing of river waters – have the potential to become highly contested variables casting their influence on the bilateral. Unlike the stasis regarding the boundary dispute, these variables offer avenues for cooperation, that both sides need to encourage.

Unless the two countries spell out a process of norm construction emphasising ‘cooperation’ on contentious bilateral issues, and resolutely put in place a wide ranging framework addressing mutual concerns, the future of China-India relations is most likely going to be marred by episodes of territorial infractions and newer points of friction. This policy brief argues that there exists potential for cooperation between the two countries in certain aspects of non-traditional security especially trans-boundary rivers.

'Deterministic' Aspects of the China-India Bilateral

An undeniable deterministic logic imposes itself on China-India relations. The two countries have to face the reality of managing a relationship that for all purposes will always be less than ideal – and shall remain so. There are foundational tensions woven into the fabric of China-India relations, and every parameter used to analyse the two countries has strong elements of 'competition', 'comparison' and 'contrasting' situated within. Owing to their size, statistical complementarities and divergences, the temptation to compare the two countries is an alluring project, but one that largely ignores the discrepancies. (See Table 2) Six decades ago they had more in common with each other. Today, the only similarity the two countries share, apart from large populations, is the focus on their domestic needs of development. Even this 'commonality' is not without its departures. By every other measurable indicator and variable China and India have little in common with each other in 2013 than in 1949.¹ There are also aspects of ennui in the relationship with negative value features of the bilateral overwhelmingly subsuming the few positive value features, leading to an informational and perceptual gap on both sides. This uncomfortable reality reveals a fundamental disjuncture involving China and India.

If the "Open Door" policy announced by Deng Xiaoping in December 1978 changed China's course, India's economic reforms initiated in 1991 by Narasimha Rao and carried forward by successive governments has changed its economic profile irrevocably. To quote Jalal Alamgir:

"The economic transformation to outward orientation was preceded by a political transformation to outward orientation, and constructing a belief that it was valuable to influence the world and that India was destined to do so."²

In a bilateral context, while trade between the two countries increased from US\$2.92 billion in 2000 to US\$66 billion in 2012 (short of the US\$74 billion in 2011), the growing trade deficit with China may lead to a situation where Indian industry seeks protective measures from cheaper imports. An uncomfortable flip side being that, the year upon year trade deficit exposes the rudimentary nature of India's manufacturing sector and its lack of competitiveness.

Table 1: The China-India trade conundrum

Year	Total bilateral trade (in US\$) with China	Trade deficit (for India)
2008	51.8	(-)11.20
2009	43.27	(-)15.90
2010	61.74	(-)27.08
2011	73.90	(-)20.15
2012	66.47	(-)28.9
2013	59.24 (Jan-Nov)	(-)29.5 (Jan-Nov)

Sources: Compiled from Ministry of External Affairs, India, Annual Reports and General Administration of Customs, China.

As two states with the potential to play a more important role in global affairs, China and India adopt stratagems to further their interests and influence. China is one of the pillars of the international structures of governance and has the necessary heft and voice to be taken seriously. India, on the other hand, is an aspirant to those very forums where heft counts, yet falls short primarily owing to its own lack of conviction as to what it wants. India aspires for a global role and advances its claims by highlighting its history to norm adherence, but has not been entirely successful in generating overwhelming support for its endeavour to reform international institutions of governance. China behaves as an 'actor' well-conditioned to the ways of the international system and the immense financial reserves it has accumulated act as a force multiplier buttressing its foreign policy decision making choices. India follows

¹ Amartya Sen, "Quality of Life: India vs. China" *The New York Review of Books*, 12 May 2011. Available at: <http://www.nybooks.com/articles/archives/2011/may/12/quality-life-india-vs-china/?pagination=false> (Accessed on 14 June 2013). Also see, Amartya Sen and John Dreze, *An Uncertain Glory: India and its Contradictions* (London: Allen Lane, 2013).

² Jalal Alamgir, *India's Open Economic Policy – Globalism, rivalry, continuity* (Abingdon: Routledge, 2009) p.122.

an approach where it seeks to maximise its influence in global forums by actively participating and expressing its nuanced positions on issues with global import – be it climate change, reform of international financial institutions or internet governance.

At the domestic level, in its bilateral relations with China, India's lament over '1962' alternately motivates and limits policymakers. An institutional paranoia takes over when dealing with China. The advocacy of closer and more comprehensive relations with its immediate northern neighbour inspires contrasting views with a general perception that enhanced ties are not to be interpreted as being beneficial more to the 'other'. China too has its parochial institutional actors whose bellicose statements *vis-a-vis* relations with India call into question their objectivity as regards its largest neighbour.

For China, settling the boundary dispute with India is an issue motivated by several caveats. First, as part of its 'periphery' policy, it has concluded boundary agreements with most of its neighbours excepting Bhutan and India. Unless a border demarcation agreement is signed with India, its 'periphery' policy cannot be termed a success. Second, for both countries – especially India – the 1962 conflict is a template of national vulnerability. Third, to the leadership in Beijing, as long as the boundary dispute persists, it has to pander to the influential voice of its military on relations with India. Fourth, China's geographical insecurities regarding Tibet will remain as long as the Sino-Indian border is not demarcated.

These deterministic characteristics are neither exclusive nor comprehensive but are to be seen as contributing to the making of 'categories' that could be used to frame an ontological approach to interpret Sino-Indian relations.

'Cooperation' to Restrict the Deterministic Trajectory

The deterministic trajectory influencing, China-India relations notwithstanding, it is imperative for both the countries to intensively engage one another and not be corralled by the boundary dispute. The gradual manner in which this process of 'structuration' is taking place lays emphasis on the 'structure' (bilateral relations) and comprised of 'agents' (variables of different shades – independent, dependent, moderate, control and intervening) that need qualitative analyses.³

Non-traditional security spheres offer a vista for both the countries to cooperate. Energy, environment and technology throw up possibilities for cooperation since their respective domestic programmes of reform invite efficient solutions for sustainable development. The positions adopted by China and India at global conventions on climate change reflect their priorities of internal economic development. The challenge facing the two countries is to create a custom of deeper bilateral institutional cooperation – through dialogue mechanisms and institutional forums to ensure a delicate balance between sustainable development and continued economic growth. The Strategic Economic Dialogue (SED) established in 2010 between the two countries is the forum where constructive engagement on a range of issues including efforts to establish an Environmental Protection Working Group has commenced.⁴

Cooperation at the Copenhagen Conference in 2009 was an indicator of the criticality of climate change as a domestic policy issue for both countries – a feature lending much needed comprehensiveness to the bilateral. To quote Zhang Yan, former Chinese ambassador to India:

³ The Joint Statements following official visits by high-ranking leaders on both sides since 1989 could be considered as building blocks with embedded aspects of bilateral cooperation woven into it.

⁴ "Agreed Minutes of the 2nd India-China Strategic Economic Dialogue," 26 November 2012, Ministry of External Affairs, India. Available at: www.mea.gov.in/bilateral-documents.htm?dtl/20848/Agreed+Minutes+of+the+2nd+IndiaChina+Strategic+Economic+Dialogue (Accessed on 6 June 2013)

“Climate change, one of the most important issues of 2009, has also become a facet of China-India cooperation. Both countries share similar concerns and positions in addressing climate change and closely consulted and coordinated with each other.”⁵

The bilateral Agreement signed between China and India to cooperate on Climate Change in October 2009 chiefly highlights the following:

- Adopting a common position on an eventual deal
- Cooperating in creating mechanisms to reduce GHGs
- Cooperating in areas such as energy efficiency, renewable and transfer of technology

This agreement is for a period of five years, and with the Joint Working Group, will exchange views on climate change talks, adoption of domestic policies and to monitor implementation of joint cooperative projects.⁶

Symbiotically linked to cooperation on climate change are issues of trans-boundary rivers and the melting of glaciers, making it imperative for both the countries to cooperate. China's frenetic building of dams on the Yarlung Zangpo-Brahmaputra to generate hydro-power is a potential obstacle in bilateral relations especially since the two countries do not have a water-sharing treaty between them. Any precipitate activity altering the natural course or flow of water on the Yarlung Zangpo-Brahmaputra is bound to have downstream consequences – economic, political and social - not only for India, but also Bangladesh. As per a renewable five year Memorandum of Understanding (MoU), China and India share hydrological data on the monsoonal flows of the Sutlej and the Brahmaputra. In 2002, India signed a MoU

with China for the provision of hydrological information on Yarlung Zangpo-Brahmaputra River in flood seasons by China to India. This MoU was for a period of five years. A new MoU with a validity of five years was signed with China on 5 June 2008.⁷ China provides hydrological information on the water level, discharge and rainfall in respect of three stations, namely, Nugesha, Yangcun and Nuxia, located on river Yarlung Zangpo-Brahmaputra from 1 June to 15 October every year – data that helps in the formulation of flood forecasts by India's Central Water Commission (CWC) and alert state governments along the course of the river to prepare for any exigencies.

A separate MoU was signed during the visit of Wen Jiabao to India in April 2005 for supply of hydrological data of the Sutlej (Langquin Zangpo) in flood seasons. China provides data as recorded by the Tsada station on river Sutlej. A new MoU for five years on supply of flood season hydrological information on River Sutlej was signed in December 2010 supplemented by an Implementation Plan containing “technical details of provision of hydrological information, data transmission method and cost settlement etc.”⁸ between the two countries during the 5th Expert Level Mechanism (ELM) held in April 2011 at Beijing. The landslide dam that formed on the Parechu River in 2004 and its bursting in 2005, leading to a sudden discharge into the Sutlej, was perhaps a moment of truth for both the sides leading to this MoU. The ELM that meets on an annual reciprocal basis is headed by Joint Secretary level officials to discuss interaction on and cooperation in the provision of flood season hydrological data, emergency management and other issues regarding trans-border rivers existing between the two countries since 2006 is another instance of a cooperative framework being gradually established by both the countries.⁹

⁵ Zhang Yan, “Bonding at Copenhagen Cemented India-China Relations” *Outlook* (New Delhi) 18 January 2010. Available at: <http://www.outlookindia.com/article.aspx?263645> (Accessed on 23 August 2013).

⁶ See Text of Agreement on Co-operation on Addressing Climate Change Between the Government of the People's Republic of China and the Government of the Republic of India, Press Information Bureau, Government of India, 21 October 2009. Available at: pib.nic.in/newsite/erelease.aspx?relid=53317 (Accessed on 12 September 2011).

⁷ “India-China Co-operation”, Ministry of Water Resources, Government of India. Available at: www.wrmin.nic.in/printmain3.asp?sslid=372&subsublinkid=290&langid=1 (Accessed on 23 April 2012)

⁸ India-China Cooperation, Ministry of Water Resources, Government of India, “Memorandum of Understanding on Hydrological Data Sharing on River Satluj / Langquin Zangbu”

Available at: wrmin.nic.in/printmain3.asp?sslid=372&subsublinkid=290&langid=1 (Accessed on 14 July 2013).

⁹ See ‘Water Sharing Relations with China’ Rajya Sabha Unstarred Question No. 3910 by Kumar Deepak Das, 8 September 2011, Ministry of External Affairs, Government of India.

Available at: mea.gov.in/mystart.php?id=220118234 (Accessed on 28 July 2012).

The ascendance of cooperation on trans-boundary rivers and sharing hydrological data was in evidence during the visit of Manmohan Singh to Beijing in October 2013 in the joint statement issued. To quote:

“The Indian side deeply appreciated the resources and efforts of the Chinese Government in making available data on and emergency management of the trans-border rivers. The leaders welcomed the signing of a MoU on Strengthening Cooperation on Trans-border Rivers. The two sides agreed to further strengthen cooperation and, within the Expert Level Mechanism, work together on provision of flood-season hydrological data and emergency management, and exchange views on other issues of mutual interest.”¹⁰

Article 2 of the MoU signed between the Ministry of Water Resources, the Republic of India and the Ministry of Water Resources, the People’s Republic of China on Strengthening Cooperation on Trans-border Rivers states that “cooperation on trans-border rivers will further enhance mutual strategic trust and communication as well as strengthen the strategic and cooperative partnership.”¹¹

Repeated official acknowledgement of the need for cooperation introduces positive value features into the bilateral and expands the scope of issues needing redressal. This nascent cooperation could well lead to the initiation of ‘linkages’ – functional, actor specific and value intrinsic – that over a period of time become politically neutral and remain exclusively policy oriented with their respective value sets.

A limitation however remains. The two countries, do not share any information on the melting of glaciers. China

and India need to initiate a comprehensive structured dialogue on water issues closely linked to their common concerns regarding climate change. There exists the possibility of institutionalising such an initiative by setting up a commission that bears overall responsibility for all trans-boundary rivers flowing into India. With regard to the Brahmaputra-Yarlung Zangpo, as a downstream nation, Bangladesh, Nepal and Bhutan need to be part of any extended initiative. Acknowledgement of the wider ramifications of trans-boundary water issues in the region appears to have been considered by both Beijing and New Delhi. Article 1 of the MoU signed during Manmohan Singh’s visit states that “[T]he two sides recognised that trans-border rivers and related natural resources and the environment are assets of immense value to the socio-economic development of all riparian countries.”¹²

It is undoubtedly an encouraging sign for China’s Ministry of Foreign Affairs to state that it will take into account the concerns of the downstream countries as it constructs hydropower projects on the Brahmaputra.¹³ Cooperation on trans-boundary river waters is not alien to the region with the Indus Water’s Treaty (IWT) between India and Pakistan to be held up as a template for a structured dialogue between China and India on trans-boundary river waters. Despite several wars and episodic tensions, the IWT between India and Pakistan has held and not allowed space for political compulsions to derail relative gains made by a purely technical/institutional mechanism.

The two countries need to seriously consider ‘cooperation’ as an intrinsic aspect of their bilateral relations and apply this methodology to non-traditional security spheres.

¹⁰ Joint Statement- A vision for future development of India-China strategic and cooperative partnership, 23 October 2013, Embassy of India, Beijing. Available at: <http://www.indianembassy.org.cn/newsDetails.aspx?NewsId=448&Bid=1> (Retrieved on 24 October 2013)

¹¹ Ibid.

¹² Ibid.

¹³ Ananth Krishnan, “Will consider interests of downstream countries: China” *The Hindu*, 31 January 2013 Accessible at: www.thehindu.com/todays-paper/tp-national/will-consider-interests-of-downstream-countries-china/article4363287.ece (Accessed on 8 May 2013)

Policy Findings/Recommendations

The boundary dispute between China and India is foremost a political issue with important strategic components subsumed within it – and not the other way around.

To be resolved, the boundary dispute needs domestic political consensus in both the countries from respective stakeholders and domestic actors. With India heading to the polls in 2014, the boundary dispute with China remains anchored in a zone of stasis.

A ‘blind spot’ that needs urgent rectifying is the absence of wider dialogue and understanding between the two countries, especially in the public sphere. Existing institutional relations are jealously restricted to the bureaucratic sphere and one cannot but notice the need for different interests involved in the shaping of policy.

‘Cooperation’ as a new facet driving China-India relations is possible in non-traditional security realms like climate change and trans-boundary rivers.

Aspects of nascent cooperation on sharing of hydrological data is to be considered a basic step leading towards the direction of a wider cooperation and consultation mechanism since the issue of trans-boundary rivers is a complex issue involving livelihoods.

China and India need to initiate a comprehensive structured dialogue on water issues with the objective of institutionalising the same by setting up a Commission that bears overall responsibility for all trans-boundary rivers flowing into India.

With regard to the Brahmaputra/Yarlung Zangpo, as a downstream nation, Bangladesh, Nepal and Bhutan need to be part of any extended initiative. If one were to look for a template within the extended region the best instance of this has been the durability of the Indus Water Treaty and the Permanent Indus Commission (PIC).

If China succeeds in its plans to divert water from the Brahmaputra/Yarlung Tsangpo to its central and northern provinces, it undoubtedly will lead to deeper fissures in bilateral relations with India. Also, it will complicate India’s own plans to utilise the relatively untapped potential of the Brahmaputra and its tributaries to generate hydro power to its north eastern states.

Strong imperatives from domestic constituencies in both the countries encouraging the rapid construction of large dams on the same river system is giving the issue strategic undertones, one that could negate relative gains made by cooperation.

A comprehensive picture of bilateral relations will only emerge if the two countries undertake a calibrated exercise in developing vertical and horizontal linkages that lead to the relationship becoming self-sustaining owing to its diversity and not self-limiting owing to exclusive focus on one or two very crucial issues.

Table 2: China and India – Basic indicators

Economic / Societal	China	India
GDP (PPP) (IMF/World Bank figures 2012)	12,383 / 12,471 (bn. US\$)	4,711 / 4,793 (bn. US\$)
GDP (PPP - Per capita) (IMF/World Bank figures 2012)	9162 / 9233 (td. US\$)	3830 / 3876 (td. US\$)
Population (2013)	1.360 (bn.)	1.234 (bn.)
Life expectancy (at birth) (2011)	73	65
Population in poverty (below US\$ 2/day) WDI	29.8 (2009)	75.6 (2010)
Crude birth rate (2011)	1.2	2.3
Mortality rate (2011) (under 5 years - per 1000 live births) WDI	15	61
Prevalence of malnutrition (% age of children under 5 years underweight) WDI	3.4	43.5
Hospital beds (per 10,000)	39	9
Energy consumption (GWh/yr) IEA/OECD 2008	3,444,108	860,723
Electricity consumption (per capita KW/d) IEA/OECD 2008	7.04	2.02
Internet users (2012)	538 mn.	137 mn.

Author's Biography

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About the Project on Strategic Stability in the 21st Century Asia

Since June 2012, this project by the Institute of Defence and Strategic Studies (IDSS is a constituent unit of RSIS) has been engaged in identifying and analysing the key sources of strategic stability and instability in contemporary Asia. We sought to augment the prevailing understanding of how forces that stabilise Asia can be strengthened, and how forces that destabilise Asia (or have the potential for doing so) can be managed, and their adverse effects mitigated or contained.

The project addresses three key research concerns: First, examine major power relations in Asia. Second, analyse interstate dynamics within the maritime domain. And finally evaluate the impact of new and emerging military technologies in Asia. To that end, we organised three workshops during January-February 2013. We also commissioned a number of policy briefs, research papers, monographs, and edited volumes on critical security issues that have the potential to affect the security order in Asia over this decade.

The project is funded through a grant from the Chicago-based John D. and Catherine T. MacArthur Foundation.

About the S. Rajaratnam School of International Studies

The S. Rajaratnam School of International Studies (RSIS) is a professional graduate school of international affairs at the Nanyang Technological University, Singapore. RSIS' mission is to develop a community of scholars and policy analysts at the forefront of security studies and international affairs. Its core functions are research, graduate education and networking. It produces cutting-edge research on Asia Pacific Security, Multilateralism and Regionalism, Conflict Studies, Non-Traditional Security, International Political Economy, and Country and Region Studies. RSIS' activities are aimed at assisting policymakers to develop comprehensive approaches to strategic thinking on issues related to security and stability in the Asia Pacific.

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