Compete or Co-operate? India, China and the ‘Asian Century’

By Rupakjyoti Borah

OF LATE, OBSERVERS ACROSS the world have been talking about a so-called Asian Century, an idea spawned by the rise of India and China. While it may seem that China and India are now on the cusp of making history by emerging as the two new powerhouses of the global economy, the reality is quite different. China and India were already economic superpowers in the past and what we are witnessing now is not their rise, but their revival. It is worth remembering that in 1750, China and India accounted for almost 57 per cent of world manufacturing output, with India itself accounting for almost a quarter. 1 Both countries suffered from long periods of domination by foreign powers, which tore apart their body politic.

Far from being just two countries, China and India are two civilizations that have generally existed side by side in peace, except for a short border war in 1962. The mighty Himalayas form a natural border between the two Asian behemoths, and the two neighbors were brought even closer together by Indian Emperor Ashoka’s propagation of Buddhism in China after his conversion in 256 BC. 2 The people of the two countries have been visiting each other since time immemorial. While the Hindus of India revere Lake Manas Sarovar and Mount Kailash in China, Buddhist pilgrims from China pay obeisance at Bodh Gaya (where Lord Buddha gained enlightenment) in India. Some 2,000 years ago, Chinese pupils including the famous Huien Tsang and Fa-hien studied at Nalanda University in India. This long-defunct ancient center of learning is now poised to be reborn in the state of Bihar, and China has made a contribution of $1 million towards the project.

Cultural and religious ties, however, cannot hide the fact that the two countries have had their fair share of differences, especially in the post-colonial period. Since China and India are developing concurrently, many scholars believe they will inevitably end up as rivals. Rivals, perhaps, but will that lead to conflict? There are a number of issues that need to be analyzed before we jump to any conclusion.

IS CONFLICT INEVITABLE?

For a start, it is important to note that China-India relations are not only about competition, but also about co-operation. Climate change is one area where both countries are on the same page. As developing countries, China and India are both in the process of pulling millions of their citizens out of poverty. This requires adequate energy supplies and hence the two countries are loath to take up binding emission cuts that would be subject to international monitoring at this stage of their development. The 2009 Copenhagen United Nations Climate Change Conference saw great camaraderie between the two countries in this area in what was dubbed the “Copenhagen Spirit.”

Trade between the two countries is also booming. In 1984, the two sides signed a Most Favored Nation Agreement and trade levels since have increased many times over with the figure touching $74 billion in 2011 from $2.92 billion in 2000. Both countries have set an ambitious trade target of $100 billion in trade by 2015. The most critical issue of divergence between the two countries is the border. China questions the length of the border and also disputes the 1914 McMahon Line that demarcates India and China. There have been vocal voices (especially in the Indian media) regarding Chinese transgressions into Indian territory, while the Chinese side has also complained of similar actions by Indian forces. Fortunately, however, the guns have stayed silent since the end of the 1962 border war.

The territorial issues, however, are difficult to resolve. China also claims the entire northeastern Indian state of Arunachal Pradesh, which shares a border with China. 3 India has also been up in arms against China’s policy of issuing stapled visas for citizens from the Indian state of Jammu and Kashmir, parts of which are also claimed by Pakistan. The sharing of river waters is likely to emerge as another problem area for India-China relations in the absence of a treaty between the two countries. During the last few years, there have been reports of China building dams on the Yarlung River, which originates in Tibet before eventually flowing into Arunachal Pradesh. On a broader stage, India’s quest for a permanent seat on the UN Security Council may also increase the rivalry between the two countries as China has not been very enthusiastic about India’s bid for a spot at the coveted high table.

ARMS RACE, ENERGY RACE?

There is, of course, a danger of the competition between India and China developing into an arms race. India’s 1998 nuclear tests sent relations with China into a tailspin, especially because the Indian defense minister at the time called China “enemy no. 1”. India has now emerged as the world’s biggest arms importer, 4 and one of the reasons for the spending spree is the desire of the Indian establishment to close the defense gap with China, if not to match it. In April this year, India conducted a successful test of its nuclear-capable Agni-V missile, which brings all parts of China within striking range.

In response to this missile test, the influential state-supported Chinese English-language newspaper Global Times angrily retorted, “India should not overestimate its strength. Even if it has missiles that could reach most parts of China, that does not mean it will gain anything from being arrogant during disputes with China. India should be clear that China’s nuclear power is stronger and more reliable. For the foreseeable future, India would stand no chance in an overall arms race with China.”

NOTES

India has also recently acquired a nuclear-powered attack submarine, the INS Chakra, on lease from Russia and will be taking possession of the refurbished Russian carrier Admiral Gorshkov by next year. While none of these procurements are openly directed at China, it goes without saying that they will help build deterrence against any Chinese misadventure.

Chinese and Indian companies have also been fighting it out for natural resources, especially oil, in Africa and other parts of the world. Although China has stolen a march over India as far as its ties with African countries are concerned, India is also moving into Africa, but using a different, more people-friendly approach. The overseas arm of India’s state-owned Oil and Natural Gas Corporation Ltd, ONGC Videsh Ltd, has invested over $2.5 billion since it set foot in Sudan in 2003, largely beating China into that territory. However, the ongoing tensions between Sudan and South Sudan have come as a rude shock to the Indian foreign policy establishment because of India’s oil interests, and India has sent a special envoy to the region to try to bring peace.8

Tibet is also a prickly issue between China and India. While India has always maintained that Tibet is a part of China, a recent policy document prepared by some of India’s leading strategists said, “Our Tibet policy needs to be reassessed and rejiggered. Persuading China to seek reconciliation with the Dalai Lama and the exiled Tibetan community may contribute to easing India-China tensions.”7 A succession struggle looms large in the event of the passing away of the current Dalai Lama, and this might lead to increased tensions between India and China.

**CLASHING INTERESTS IN ASIA**

China and India are also vying for influence in the rest of Asia. India’s “Look East Policy,” launched in the early 1990s, aimed to revive India’s close historical ties with the countries of Southeast and East Asia. These relations had gone into decline after independence in 1947 due to India’s close ties with the then Soviet Union, but have since improved dramatically. It is certain, however, that both China and India will compete for influence in the countries of Southeast Asia and East Asia. Burma is one example. As it hopefully turns the page on its brutal, autocratic past Burma seems to be rewarding India’s influence and downplaying close ties with China. By June next year, India is set to complete the $120 million Sitwe deep water port in Burma, which will offer connectivity to the Bay of Bengal for India’s land-locked northeastern region. On the other hand, in September last year, the new government in Naypyidaw suspended the construction of the massive Chinese-built $3.6 billion Myitsone dam on the Irrawaddy River in the face of massive public opposition. One of the reasons for the backlash was that most of the electricity to be produced by the proposed hydropower project was to be diverted to China.

India’s somewhat tense relations with China also have seen relations with countries like Japan and Vietnam improve greatly. The ties between India and Japan and have blossomed since the visit of former Prime Minister Yoshiro Mori to India in 2000. In December 2006, the two countries signed a Strategic and Global Partnership, while a Joint Declaration on Security Co-operation was signed between India and Japan in October 2008 and the two countries now have an annual summit at the prime ministerial level. With Vietnam, India’s Oil and Natural Gas Corporation (ONGC) has massive investments off the coast, though China has warned India not to engage in commercial activities in what it says are its “territorial waters.” India has refused to heed the warnings. However, ONGC has recently pulled out of Block 128 in Vietnamese waters on the grounds that it was not “economically viable,” while continuing operations elsewhere in Vietnam.

Closer to home, China’s close relations with Pakistan are a worry for India. China has allegedly supplied nuclear and missile know-how to Pakistan in the past. In the aftermath of the 1962 Sino-Indian war, China seized 38,000 sq km of Indian territory in the border state of Jammu and Kashmir while Pakistan ceded another 5,120 sq km of Indian territory it had occupied in 1947–48 to China in 1963.4 China has been involved heavily in building the massive Gwadar port in Pakistan’s Balochistan province, which in the future will help bring goods directly from the Arabian Sea to China via the Karakoram Highway.

As the recent war of words between China and the Philippines in the South China Sea has shown, Beijing will not hesitate to flex its muscles to push its interests. This is something for which India must be prepared. India has close naval ties with a number of Southeast Asian and East Asian nations. It has been conducting the “Milan” multinational naval exercises since 1991 with Southeast Asian navies and also those from Australia and New Zealand. India has been conducting the India-Thailand Co-ordinated Patrol exercises to counter terrorism, piracy and arms smuggling since 2006. With Singapore, India conducts the annual Singaporta-India Maritime Bilateral Exercises. This year, India conducted its first-ever bilateral naval exercise with Japan, which had pulled out of the tri-lateral Malabar naval exercises alongside India and the US last year in the aftermath of the Japan earthquake and tsunami.

**BEYOND THE REGION**

India’s rapidly improving relations with the United States also have been a factor in India-China relations. Now that the US has declared its intention to “return to Asia,” it is likely to result in

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even greater co-operation between India and the US in various fields, especially defense. The elections in the US later this year will also be a factor. It has been observed that India-US relations were stronger under the previous Republican regime and if the Republicans come back to power, Indo-US relations could look a lot different.

Fortunately, India and China are collaborating in the East Asia Summit, though China had reservations about India’s entry into the gathering. China and India are also part of the so-called BRICS grouping of emerging economies that also includes Brazil, Russia, and South Africa. The increasing clout of China, India and Brazil in the world has ensured that the BRICS nations get plenty of time in the spotlight, though at the last BRICS summit in New Delhi, the countries could not agree on a much-vaunted BRICS bank along the lines of the World Bank and the Asian Development Bank.

CONCLUSION

Future relations between the two Asian behemoths will also depend on the foreign policy enunciator by Chinese leader-in-waiting Xi Jinping, who is expected to take over as president next year. The Chinese leadership has taken flak recently over the handling of Chinese activist Chen Guangcheng and other rights issues, and in order to shore up domestic public support, China might behave more aggressively outside the country, including with India.

While it is unlikely that India and China will fight a full-scale war in the near future, both being nuclear-weapon armed, the Indian political and military establishment has to be prepared for swift, surgical Chinese strikes, especially in the vulnerable northeastern region of India, which is joined to the rest of the country by a narrow “chicken’s neck” corridor (at the most 22 km in width and 18 km in length). China is planning to extend the Beijing-Lhasa railway line to Yatung, not far from Nathula in the Indian state of Sikkim and would next take the line to Nyingchi, north of Arunachal Pradesh, which lies at the three-way junction of India, China and Burma. Indian strategic planners also would do well to understand that China will continue to arm Pakistan and use it as a strategic asset to hedge against India’s rise, just as it has used North Korea to keep Japan, South Korea and the US on tenterhooks in East Asia.

The political leadership in both India and China will have to take extra precautions to ensure that their differences do not get out of hand. As it seems that both economies are slowing down, India and China would do well to get their economies back on track instead of spending massive sums on defense. India’s skills in software also could gel well with China’s manufacturing expertise. People-to-people ties currently are nothing to be proud of, and this also needs to change. Both sides will have to compromise on the border question, though it will be difficult to sell concessions to their domestic constituencies. China should recognize Arunachal Pradesh as an integral part of India in order to gain India’s trust.

What India and China need to realize is that in order to usher in an “Asian Century,” there is no alternative to cooperation between them. However, India needs to exercise caution while trying to improve ties with China, so that it is not caught unawares as in 1962.

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