Choosing Between the US and China: India’s Strategic Dilemma

By Rupakjyoti Borah

India has had a turbulent diplomatic history with both the United States and China. In recent years, relations with Washington have warmed as New Delhi has come to see Beijing as a growing rival. Unresolved border issues with China and other tensions continue to be a matter of concern.

Trade relations with China are crucial, however, and India will need to play a delicate balancing game for the foreseeable future, writes Rupakjyoti Borah.

EVER SINCE INDIA became a sovereign nation, its ties with the United States and China have been something of a roller-coaster ride. As New Delhi inched closer to the former Soviet Union in the aftermath of independence in 1947, the US and its allies saw it as belonging to the Soviet camp, although India asserted that it was a non-aligned country.

On the other hand, India and China had a close relationship after independence as both of the countries had come out of a long period of foreign domination. In 1954, the two signed the Panchsheel Treaty (the Five Principles of Peaceful Co-existence), according to which they agreed not to interfere in each other’s internal affairs. All this came to naught in 1962, when the Chinese Army staged a sudden border attack that caught India completely unaware. Relations never recovered completely, and they remained frozen until then Indian Prime Minister Rajiv Gandhi visited China in 1988.1 The situation nosedived again in 1998 when then Defense Minister George Fernandes called China India’s “enemy No. 1” and cited that as the reason why India was forced to become a nuclear state.

The dissolution of the Soviet Union in 1991 forced an overhaul of Indian foreign policy. Since then, relations have dramatically improved between India and the US, except for a short period of tension in the wake of India’s nuclear tests in 1998. The ties improved significantly following the visit of then US President Bill Clinton to India in 2000 and reached a new high under US President George W. Bush, so much so that the generally restrained former Indian Prime Minister Manmohan Singh once told Bush that “the people of India deeply love you.”2

Earlier this year, the new Bharatiya Janata Party (BJP) government took power, with Narendra Modi as prime minister. The Modi government enjoys a comfortable majority in the Lok Sabha, the lower (and more powerful) house of
the Indian Parliament and can therefore take decisions that previous coalition governments could not. The BJP itself has 282 seats in the 545-seat chamber, and the ruling National Democratic Alliance (NDA) that it leads has 336 seats. This will also decrease the influence of regional actors in Indian foreign policy, as earlier objections from chief ministers in the states of Tamil Nadu and West Bengal had made it difficult for the central government to close deals with neighboring countries like Sri Lanka and Bangladesh.

Still, given India’s rising international stature, it needs to balance its relations with both the US and China. What are India’s options in dealing with these two powerful actors?

INDIA AND THE US: GETTING OVER THE PAST
India and the US have moved past the freeze in their relations during the Cold War era. The high point was the signing of the US-India civil nuclear deal in 2008 when Manmohan Singh staked the survival of his government on the deal. The US also played a leading role in helping India get a waiver from the Nuclear Suppliers Group with these two powerful actors?

Issues over the US putting pressure on India over the proposed Iran-Pakistan-India pipeline deal, so much so that the entire project is now in cold storage. The US also asked India to reduce oil imports from Iran, which India did in response.

Since Modi took charge in New Delhi, relations between India and the US have been enjoying a period of revival. It is significant that while Modi had earlier been denied a US visa over the issue of the 2002 Gujarat riots, he opted to put that behind him and concluded a very successful meeting with US President Barack Obama during his visit to the US in September of this year. This may have to do with concerns both countries have about China.

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Obama will become the first US president to be chief guest on this occasion and will also become the first US president to visit India twice during his presidency.

INDIA AND CHINA: UNEASY CALM
Although China has become India’s biggest trading partner, the border issue between the two neighbors remains unsettled. While India-China trade is expected to reach $100 billion by 2015, India has been reeling under a huge trade deficit with China. Besides, China is unwilling to give access to Indian companies in areas where it is strong, for example, in pharmaceuticals. Last year, the total amount of Sino-Indian trade was $63.7 billion. Last year, the total amount of Sino-Indian trade was approximately $65.88 billion. However, India’s exports were only $14.50 billion, whereas exports from China stood at $51.37 billion.
On the other hand, political relations have been clouded by a series of incidents. The sharing of river waters is a big problem as India has repeatedly alleged that China has been building dams on the Yarlung Tsangpo River, which flows from Tibet into India. There have also been repeated border incursions by Chinese PLA troops, even during the visit of Chinese President Xi Jinping to India in September this year. Given the chain of command in Beijing, it is highly unlikely that Xi would not have known about the incursions.

With these repeated incursions from the Chinese side in mind, India has started raising an approximately 50,000-strong mountain-strike corps to be deployed along the border with China, showing that a significant amount of distrust exists on both sides. China has claimed the Indian province of Arunachal Pradesh as its own, which has rankled India. Beijing has also been issuing stapled visas to residents of the Indian state of Jammu and Kashmir, clearly indicating that Beijing does not accept India’s stand on Jammu and Kashmir, parts of which are also claimed by Pakistan.

China and India also vie for influence in Southeast Asia. India’s “Look East” policy has tried to reinvigorate historical ties with Southeast Asia and East Asia, and this has put New Delhi into competition with Beijing. On the other side, China’s relations with Pakistan are a matter of concern for India. Islamabads has never failed to remind others that China is its “all-weather friend.”

China has funded port developments in Gwadar (Pakistan), Hambantota (Sri Lanka), Kyaukpyu (Myanmar) and Chittagong (Bangladesh) in what Indian analysts have described as China’s “string of pearls” strategy. Beijing’s “Maritime Silk Road” is another worry for India, which sees it essentially as a move into its backyard. Chinese nuclear-powered submarines have already docked in Sri Lankan ports, inviting criticism from the Indian side. As of now, India is the only Asian country to be operating two aircraft carriers, but China could soon be challenging India on this front too.

India’s quest for a permanent seat on the United Nations Security Council is another contentious issue because Beijing has not supported the candidacy. New Delhi’s improving relations with countries such as Japan and Vietnam irritate Beijing. Japanese Prime Minister Shinzo Abe was the chief guest at India’s Republic Day function in January 2014, an occasion where India’s military prowess is on display. Besides this, Modi’s first visit outside the immediate neighborhood after becoming prime minister was to Japan. During the visit in September, Tokyo promised to invest approximately $35 billion in the development of India’s infrastructure over the next five years. India has also been the largest recipient of Japanese Overseas Development Assistance since 2003-2004. Relations are also improving between India, Japan and the US. The three countries began a trilateral dialogue in December 2011 and have also been conducting joint maritime exercises.

Chinese and Indian firms are also competing for energy resources in different parts of the world. In many places, Chinese and Indian state-owned oil companies have squared off for access to the same projects. In the case of Vietnam, Beijing has objected to the offshore presence of India’s Oil and Natural Gas Corporation in what it describes as “China’s territorial waters.” In another irritant for China, India has given a line of credit to Vietnam to buy Indian-made weaponry.

**AREAS OF CO-OPERATION WITH CHINA**

Relations between the two Asian behemoths are not devoid of co-operation. India and China, along with the other BRICS countries (Brazil, Russia and South Africa), have set up the BRICS Bank, or New Development Bank, with an initial $100 billion in capital; it is intended to be an alternative to Western-dominated institutions including the International Monetary Fund and the World Bank.

China and India also share a similar approach to climate change, since both are developing countries and are reluctant to adopt binding emission cuts at this stage of their development. The co-operation between the two was on strong display at the Copenhagen Climate Summit in 2009, so much so that it was dubbed the “Copenhagen Spirit.”

They are also collaborating on the new Nalanda University in India, which is intended to be a center for international co-operation; China so far has contributed a modest $1 million to the highly publicized new institution in Bihar state.

Prospects for future economic co-operation remain huge, meanwhile. Chinese state-owned railway companies plan to do a feasibility study for the development of a high-speed railway corridor between New Delhi and Chennai in South India, for example.

India and China also may need to pool their resources in Afghanistan after the pullout of Western forces as both countries have huge interests in Afghanistan. The restive Chinese province of Xinjiang is close to Afghanistan, which Chinese officials cannot discount. A significant Taliban comeback in Afghanistan could increase the influence of the Pakistan Taliban, with grave security implications for India. If things do not work out well for India in Afghanistan, India might be forced to rekindle its ties with Russia and Iran to prop up an alternative to the Taliban in Afghanistan.

**WHAT LIES AHEAD?**

It seems that for some time to come, India will have to play this delicate balancing game. Both India and China must be careful to avoid armed conflict with each other that would be destabilizing and a drain on energies. Instead, now would be the best time for the two nations to come up with an agreement on the border issue, since both India and China have strong leaders in Modi and Xi.

Meanwhile, India is an important partner in the US rebalancing towards the Asia-Pacific. India has also invested a huge deal of money in reconstruction efforts in Afghanistan and it would be worthwhile for both India and the US to partner in Afghanistan even after the formal end of Western military operations. Obama’s upcoming India visit provides a big opportunity for both India and the US to further cement ties.

On the other side, China’s unilateral actions in the South China Sea and tensions with Vietnam, the Philippines and Japan show that Beijing is prepared to be assertive on territorial claims; therein lies the lesson for India.

While India must not hesitate to collaborate with China in areas of mutual benefit, it must keep a careful eye so that the ghosts of the 1962 border war do not come back to haunt future generations of Indians.

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