



FUTURE OF INDIA – CHINA RELATIONS: CHALLENGES AND PROSPECTS

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Abstract:

The ongoing debate on India-China relations among the members of strategic and academic community has raised a number of issues including the future prospects and the major challenges confronting the bilateral relationships. The last six decades of India-China relationships have seen more of mutual mistrust and suspicion than friendliness and cordial atmosphere. Such mutual mistrust and suspicion grew over the years and have gone beyond proportions in the current context. The challenge has always been to bridge the differences of opinion from both sides and reach to a common understanding on a number of sensitive issues including Sino-Indian border issues. At the same time, one should not come to the conclusion that both India and China have always been at loggerheads. A series of serious attempts have been made by both India and China to bridge the differences more particularly on the border issue. India and China relations are expanding and deepening despite several divergences on many pertinent issues impacting the bilateral relations. The deepening of relations was reflected when the two countries established the Strategic and Cooperative Partnership for Peace and Prosperity in 2005 and also signed A Shared Vision for 21st Century in 2008. Undoubtedly, India and China have emerged as the two rapidly growing economies and their bilateral relationship to a greater extent has assumed global and strategic relevance. It would be important to introspect India – China experience in the past and then explore the mechanisms by which the bilateral cooperation can take a robust shape. The objective of this paper will be to assess and analyze the broad contours of India-China relations and explore the areas on which both the countries can work together on mutual interests. The trajectory of bilateral relationship has many positive as well as negative connotations. It would highlight both the convergences and divergences and then suggest ways by which the existing divergences can be bridged. It would also try and explain the rationale for a robust and constructive engagement.

Keywords: India-China relations, mutual intereses, constructive engagement.

Resumen:

El debate en curso sobre las relaciones India-China entre los miembros de la comunidad estratégica y académica ha planteado una serie de cuestiones en las que se incluyen las perspectivas y los mayores desafíos que afrontan las relaciones bilaterales. Las últimas seis décadas de las relaciones India-China han sido testigo de más desconfianza y suspicacia que amistad y cordialidad. El desafío ha sido siempre el de superar las diferencias de opinión por parte de ambas partes y alcanzar una comprensión común sobre una serie de cuestiones delicadas incluyendo las cuestiones fronterizas. Al mismo tiempo habría que evitar la impresión de que las relaciones mutuas siempre han sido negativas. Una serie de intentos han sido realizados para superar las diferencias con respecto a los problemas fronterizos. Las relaciones entre la India y China se están expandiendo y profundizando a pesar varias divergencias sobre numerosos asuntos que afectan a las relaciones bilaterales. La profundización de las relaciones se reflejó en la Asociación Estratégica y de Cooperación para la Paz y la Prosperidad y la Visión Conjunta para el siglo 21, del 2005 y el 2008 respectivamente. Sin duda alguna, la India y China están emergiendo como dos economías de rápido crecimiento y su relación bilateral en gran medida ha asumido relevancia global y estratégica. Sería importante considerar la experiencia de la India y China en el pasado y entonces explorar los mecanismos por los cuales la cooperación bilateral puede reforzarse. El objetivo de este artículo será el de evaluar y analizar el perfil de las relaciones India-China y explorar las áreas en las cuales ambos países pueden trabajar por sus intereses mutuos. La trayectoria de la relación bilateral tiene muchas connotaciones tanto positivas como negativas. Se destacarán tanto las convergencias como las divergencias y se sugerirán modos para superar las divergencias existentes así como para establecer mecanismos efectivos de implicación.

Palabras clave: Relaciones India-China, intereses mutuos, implicación constructiva.

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1. Introduction

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The current debate on India-China relations among the members of strategic and academic community has raised a number of issues including the future prospects and the major challenges confronting the bilateral relationships. The last six decades of India-China relationships have seen more of mutual mistrust and suspicion than friendliness and cordial atmosphere. Such mutual mistrust and suspicion grew over the years and have gone beyond proportions in the current context. The challenge has always been to bridge the differences of opinion from both sides and reach to a common understanding on a number of sensitive issues including Sino-Indian border issues. At the same time, one should not come to the conclusion that both India and China have always been at loggerheads. A series of serious attempts have been made by both India and China to bridge the differences more particularly on the border issue.

It must be emphasized here that India and China relations are expanding and deepening despite several divergences on many pertinent issues impacting the bilateral relations. The deepening of India-China relations was reflected when the two countries established the Strategic and Cooperative Partnership for Peace and Prosperity in 2005 and also signed A Shared Vision for 21st Century in 2008. Undoubtedly, India and China have emerged as the two rapidly growing economies and their bilateral relationship to a greater extent has assumed global and strategic relevance. It would be important to introspect India – China experience in the past and then explore the mechanisms by which the bilateral cooperation can take a robust shape. There is certainly a very important element guiding India-China relations and that is the growing shared interests on a number of issues including trade and commerce. China and India have become important trade partners.

The objective of this paper will be to assess and analyze the broad contours of India-China relations and explore the areas on which both the countries can work together on the areas of mutual interests. The trajectory of bilateral relationship has many positive as well as negative connotations. It would highlight both the convergences and divergences in India-China relations and then suggest ways by which the existing divergences can be bridged. It would also try and explain the rationale for a robust and constructive engagement in the evolving new world order with realigning regional equations.

2. Evolution of India-China Relations

India and China perhaps are the only countries in the world, which have a legacy of ancient culture and civilizations. Both also share a similar heritage of colonization. Both are two most populous countries in the world. India and China are still underdeveloped Asian countries. Despite a number of similarities, both have many times found themselves at different poles especially on bilateral contentious issues. There have, however, always been cooperative attempts on a number of sectors other than contentious sectors. The past 60 years of India-China relations have obviously signaled that both the countries have been seeking mutually acceptable solutions to the main contention relating to boundary issue. It is also generally believed that both countries never allowed the differences to come on their way of bilateral cooperation and engagement.²

² Chinese President Hu Jintao has emphasized that ‘the good neighbourly friendship and cooperation between China and India and their common development not only benefit our two peoples but also serve the peace and development of Asia and the entire world.’ It was reflected during Hu Jintao’s visit to India in November 2006.



The major challenge confronting India-China relations has been to build mutual trust and confidence. The trust deficit created by both the sides has decimated the robustness of bilateral relationships. The element of trust is an essential component in forging a sustained bilateral cooperation. Somehow, the lack of trust and confidence between the two countries created lots of misunderstanding on a number of bilateral issues.

Despite the fact that India was one of the first few countries, which recognized the People's Republic of China³, the bilateral relationship saw a number of downs than ups. The history of initial years of India-China relations more particularly during 1949 – 1958 depicts an era of friendliness.⁴ Both India and China were able to reach to a consensus and signed the Panchsheel Agreement, which basically dealt with Trade and Intercourse between India and Tibet region of China in Beijing.⁵ Panchsheel became the guiding principles of India-China bilateral relationship. Zhou Enlai's trip to India in June 1954 was a symbolic messaging about China's intent and philosophy. It was historic in the sense that a communist head of government was making a peacetime visit to a non-communist state.

The animosity and hostilities grew during the decade of 1959 - 1976, which saw the bad patch in the relationship during the war in 1962. The best possible assumptions – Hindi-Chinni bhai bhai period got changed into Hindi-Chinni bye bye period. The period during 1976 - 1988 has been characterized as an era of dispelling doubts and misunderstanding. The year 1988 was a landmark year because India-China relations took a new turn after India's Prime Minister Rajiv Gandhi's visit to China. Undoubtedly, the period during 1988 - 1998 saw a new atmosphere and a new bonhomie in India-China relations. The post 1998 scenario after India detonated a nuclear device, China emerged as one of the greatest critics and hence the relationship deteriorated. However, the situation changed after both the nations realized about each others' contribution in the global economy and to a greater extent started broadening the then existing bilateral ties. The strain in the relationship was replaced by friendliness. The era during the first decade of the twenty first century has been an era of cooperation in economic sphere and also a mix of misunderstanding on political fronts.

2.1. Historical Overview

It must be reiterated here that India recognized China immediately after it came into existence as People's Republic of China in 1949. After establishing diplomatic relationships, both India and China shared a number of common concerns and challenges confronting their relationships. Both the countries, India and China had also reached to a common understanding on number of major international issues. The signing of Panchsheel Agreement in 1954 was a move towards achieving the confidence but somehow this confidence did not last long. The Preamble of the Agreement reflected the growing consensus between the two countries. India accepted Tibet as part of China and also relinquished the British responsibilities and obligations in Tibet through the Panchsheel Agreement.

The bonhomie created a very positive atmosphere and it paved the way for the then Chinese Premier Chou En-lai to visit India thrice during the period 1954-1957. The Prime

³ India recognized the People's Republic of China as the legitimate government of China on April 1, 1950.

⁴ During September 1959, India's Prime Minister Jawaharlal Nehru tabled the First White Paper on India-China relations. It contains notes, memoranda and letters exchanged between India and China between April 1954 and August 1959.

⁵ Both India and China entered into Panchsheel Agreement based on the following principles: a) Mutual respect for each other's territorial integrity and sovereignty; b) Mutual non-aggression; c) Mutual non-interference in each other's affairs; d) Equality and Mutual Benefit; and e) Peaceful co-existence



Minister of India, Jawaharlal Nehru visited only once in October 1954. Nehru's visit to China was a landmark event because China accorded a warm and red carpet welcome. The euphoria and optimism created for the future of India-China relations was unprecedented. However, such euphoria and optimism were definitely short lived.

Undoubtedly, India was aware of the China's intention in drawing their bordering zone with India. Nehru had brought this topic for the discussion with the Chinese about the incorrect border lines and somehow it was ignored and not taken seriously by Chou En-lai. The Chinese view of the MacMohan Line was absolutely different and had discarded India's view. Chou En-lai successive visits to India saw a decline in mutual understanding on some of these pertinent themes including the border. China's intentions and their designs were reflected when a report appeared in the Chinese media that Sinkiang province of China had been linked to Tibet by road in the Aksai Chin area.

As far as the evolution of international dimensions of India-China relations were concerned, India from the day one was very clear in its approach. India had appealed at the United Nations General Assembly (UNGA) forty times by sponsoring resolutions during 1950 – 1958 that the People's Republic of China should represent China at the United Nations. India also showed a great sense of maturity in taking a stand on the Korean War (1950 – 53). India had openly voted against the United Nations draft resolution which declared China as an aggressor and abstained from voting for putting embargo on China.

Despite India's consistent and persistent efforts in reaching to a mutually acceptable position from each side on border issue, it failed in convincing China.⁶ It must be emphasized here that the Indian stand on the boundary issue was largely a reflection of its stand on the issue of Tibet. The 1959 Tibetan crisis became a turning point in down sliding India-China relations. It happened only because of India's sympathetic approach towards Tibet and providing political asylum to Dalai Lama. China since then has changed its approach towards India. The track one level (Government to Government) meeting between India and China on the border issue during 1960 – 1961 had not produced any positive and desired result. The suspicion grew further. The bonhomie created by the two countries was really short – lived.

2.2. India-China Schism and the Conflict of 1962

The signs of deterioration of India – China bilateral relations became very prominent during the early part of 1962. The growing mistrust and suspicion led to a brief India – China conflict in October 1962. For China, it was a very easy victory over India. It happened also because of India's miscalculations and its inherent capabilities. The post 1962 India – China conflict also saw an emergence of a very special relationship between China and Pakistan, which to a larger extent was based on countering India in the subcontinent. India's suspicion about the intentions of China and India's mistrust in China further grew because of some of these China's actions.

The anti-India policy adopted by China was not only in the form of encouraging and inciting Naxal violence in India but also provided training to Nagas and Mizos in China to fight against India and keep fomenting trouble by sending them back after the training was over. The implications of India – China conflict of 1962 were also reflected on China's policies towards India during India – Pakistan Wars of 1965 and 1971. China had already signed a friendship treaty with Pakistan in 1963.

⁶ In 1958, Chou En-lai formally laid China's claim to Arunachal in Eastern Sector and Aksai Chin in the Western Sector. It was a great surprise for India.



The border row brought significant changes in China's approach towards India. China's nuclear test on 1964 added additional fear among Indian minds and key policy makers. Both the nations had lost mutual trust and confidence and since then it has been a great challenge to leave misunderstandings behind and forge a new relationship. Such process of forging friendly ties requires a strong determination and greater initiative to promote their friendship.

It is obvious that the India – China border conflict in 1962 brought about serious damage to the friendship between the Chinese and Indian Peoples and that led to a long term termination of friendly exchanges between the two countries. The shadow of the 1962 conflict has still not been vanished. Hence, it had really been one of the greatest challenges to change the mindset and look for zenith in India – China relations, which had reached to nadir in the aftermath of 1962 conflict.

As mentioned earlier, relations between China and Pakistan had dramatically and drastically improved and got strengthened over the years and decades and especially during the aftermath of 1962 conflict. Under these circumstances, India had to evolve a dual strategy to deal with the crisis in such an unfavourable strategic environment. Hence, the period during 1959 – 1976 in India – China relations has been characterized as a period of mutual mistrust, suspicion and unfriendliness.

3. An Era of Dispelling Doubts and Misunderstanding: 1976-1988

India and China have undergone and seen an important era during 1976 – 1988 where both the nations made maximum efforts in dispelling doubts and misunderstanding. These efforts were again in terms of understanding each other mainly to create a very positive atmosphere. The year 1976 was a land mark year in India-China relations because both the countries had been able to restore their diplomatic ties by restoring their ambassadors. It was also important from a very different angle. The annexation of Sikkim with India in 1975 had jolted Chinese authorities. China had refused to accept and continued with its policy of denunciation. Despite such negativism on the part of Chinese mindset, India was able to restore confidence among Chinese and reactivated its ambassadorial positions.

Chinese incursions in Vietnam during 1979 especially at a time when India's then Foreign Minister Atal Behari Vajpayee was in Beijing had lots of negative repercussions on India – China relations. However, the attempt was made once again by the officials of both the countries to resolve the unsettled boundary issue. It could not reach to a bilateral consensus and did not yield the desired result.⁷

The first visit to India by a very prominent Chinese leader took place in June 1981 after almost two decades. The Chinese foreign minister Huang Hua visited India and this visit became not only remarkable but also very significant because there was an agreement and consensus reached during the deliberations that both sides, India and China would exchange official delegations at track one level to resume bilateral talks on the issues impacting India-

⁷ Despite the nine rounds of talks from 1981 to 1988, it became impossible for both the countries India and China to reach to a conclusion. There was a consensus that the border question should not become a hindrance in the development of relations in a number of other domains including trade and commerce.



China relations.⁸ India to a greater extent had changed its position and agreed to the resumption of bilateral talks. Earlier, India had always stressed on one fact that unless and until China would vacate Indian Territory, which it had occupied.

There was certainly a quantum shift in India's approach towards China during the aftermath of Huang Hua's visit. It was agreed during mid 1980s' by both India and China that the border problem needed to be tackled on priority basis and it would be in their interests. After the granting of statehood to Arunachal Pradesh in 1986 by India, China openly protested and denounced India's action. Once again, the situation got worsened but high level discussions from both sides were able to restore normalcy at the bilateral level. Both the nations resumed and renewed the bilateral exchanges to discuss on almost all the contentious issues. The later part of eighties saw an improvement in terms of understanding and this was possible only because of the ongoing track one dialogues.

3.1. An Era of Creating New Atmosphere and Trust in Bilateral Relations: 1988-1998

The period during 1988 – 1998 has been characterized as a period of creating new atmosphere and trust in India – China bilateral relations. The ice in the relationship was broken when the then Prime Minister of India, Rajiv Gandhi visited China in December 1988. It was historic because the Prime Minister of India was visiting China after more than three decades.⁹ Both sides, India and China agreed to cooperate for mutual development on a number of areas.

Rajiv Gandhi's visit was also significant because it happened after the famous Sumdurong Chu Valley event.¹⁰ The five day visit proved to be of great significance because both the nations agreed to promote bilateral cooperation on a number of areas including science and technology, civil aviation and cultural exchanges. The hallmark of the visit was the creation of Joint Working Group (JWG) for resolving the boundary issue. The larger objective of the JWG was to articulate each others' concerns and analyse the options available before both the countries. At the same time, the objective was also to ensure the maintenance of peace and tranquility across the border during the negotiations process.

Since the creation of JWG in the year 1988, 13 rounds of border talks have been organized so far. But, unfortunately nothing concrete has happened in terms of resolving the border issue. The bilateral momentum has, however, been built but of no great significance and impact. What has happened in the last more than two decades that both the countries have been talking routinely not only on border issues but also exploring the mechanisms by which both economic and cultural engagement takes a robust shape and the bilateral relationship is given a broader base.

There was a reciprocal visit to India by Chinese Premier Li Peng in 1991. It was again a historic one because a Chinese Premier had not visited in the last more than three decades. Both India and China signed five agreements during Li Peng's visit to India. These five agreements were relating to the Consul treaty between India and China, Agreement on Restoration of Consulate General in Bombay and Shanghai, Memorandum on the Restoration

⁸ Five sub-groups were set up in a number of fields including scientific, technological, cultural and economic during Huang Hua's visit. It was done mostly to improve the atmosphere and inculcate positive mindsets in both the countries so that the process of economic interaction and exchange can soften the process of bilateral relationships.

⁹ In the meeting with Rajiv Gandhi, the then Chairman of China's Central Military Commission Deng Xiaoping remarked "Let us forget the unpleasant phase in our past relations and do everything with an eye on the future".

¹⁰ The reports appeared in Chinese media that the Chinese had built a helipad in the Sumdurong Chu valley in Arunachal Pradesh inside Indian Territory. It created lots of tension in India. It was reported in August 1986.



of Border Trade, India – China Trade Protocol for the year 1992 and Scientific and Technological Cooperation in Outer Space for the Peaceful use by the aviation ministries of India and China.¹¹

The bilateral relationship got a new boost and also further strengthened when the then President of India R. Venkatraman visited China in May 1992. China conducted a nuclear test on the arrival of R. Venkatraman and it had paved a very difficult signaling towards India. However, it was handled by both India and China with maturity.

The signing of India-China accord on the Line of Actual Control (LAC) during India's Prime Minister Narasimha Rao's visit in September 1993 brought a new thaw in the bilateral relationship. The Agreement on Maintenance of Peace and Tranquility along the LAC in the India – China border areas signified that the border issue would be resolved amicably through peaceful and friendly negotiations. It was inherent in the Agreement that neither side should use force or threaten to use force against the other. The two sides should strictly respect and observe the LAC before the border issue is settled and each side should keep its military forces in the areas along the LAC to a minimum level. It was certainly an entry into a new era of India – China relations.

The other signs of improvement in India – China relations came when Chinese President Jiang Zemin visited India in 1996. It further boosted the bonhomie and created a very positive atmosphere in thinking and approach. During Jiang's visit, India and China had signed four important agreements – a) The agreement on confidence building measures (CBMs) in the field of military deployment along the LAC in the India – China border areas; b) The agreement relating to the maintenance of the Consulate General of India in Hong Kong Special Administrative Region of the PRC; c) The agreement on cooperation for combating illicit trafficking in drugs and other related issues; and d) the agreement on maritime transport.

The agreement on CBMs gained lots of salience because it was pronounced that the suggested measures would aim at a fair, reasonable and mutually acceptable settlement of the boundary question. It was also significant because it was agreed that neither country shall use its military capability against the other side.

4. Post 1998 and Evolving Trends in India-China Relations

The detonation of nuclear device by India in May 1998 to a greater extent received lots of criticism from China. Hence, the process of normalization, which had been built over the years got derailed. China was vocal opponent of India's nuclear test and made a strong point that the nuclear tests were against the international trend. The nuclear issue featured as an irritant in India-China relations for some time, which really put the bilateral relationship in a limbo. However, both the sides were able to resume talks once again in a span of nine months. The visits made by the then Minister of External Affairs Jaswant Singh in 1999 and Prime Minister Atal Behari Vajpayee in 2003 opened a number of new vistas for cooperation. The boundary issue which had always been an obstacle in building trust and confidence was overshadowed by the issues relating to trade and commerce. The opening of the border regions for trade including the Nathu La in Sikkim really signaled a quantum shift in India's

¹¹ It was agreed that the Indian and Chinese army commanders would meet every June and October at fixed points on the western and eastern sectors. An India-China consular connection was also established with the opening of consulates in Bombay and Shanghai in April 1994.



approach towards China. This shift also in a way recognized Sikkim as a part of India. The re-opening of border trade through Nathula Pass has certainly helped in forging greater economic ties between these two emerging economic powers of Asia. Historically, Nathula has been a very important border from time immemorial in respect of trade. It is well known fact that Nathula was closed after Sino-Indian War of 1962. The border trade through Nathula Pass formally got resumed on 6 July 2006.

By then, both the nations had experienced phenomenal growth rate in the bilateral trade. The trade relations have improved substantially and the bilateral trade until now has crossed the \$ 50 billion US dollar figure. There was a downslide in the volume of trade marginally in between especially during the global economic meltdown.

However, China has been insisting from day one that Mac Mohan line is not acceptable to them and all of Arunachal Pradesh belongs to them. It has always been objected by India. India has the problems from Tsangpo which rises in Tibet and flows into Arunachal Pradesh as Dihang and becomes Brahmaputra when it enters Assam. India has the lingering problem in Ladakh where one third of its territory Aksai-Chin is occupied by China and claimed by them as the legitimate part of their country. Hence, there are certainly serious problems and issues between India and China. Many of these lingering issues certainly require attention from both sides in the current international security environment.

The first decade of twenty first century has seen many high level visits from both sides. It has also signaled that many of the lingering issues would be given paramount importance by both the countries. The visit of the Chinese Premier Wen Jiabao to India in April 2005 recognised India's inherent strength in Software industry. It was felt that China can help India in strengthening its hardware industry and India can help China in strengthening software industry. India and China also announced the establishment of a Strategic and Cooperative Partnership for Peace and Prosperity. By then, both the nations had experienced phenomenal growth rate in the bilateral trade. The trade relations have improved substantially and the bilateral trade until now has crossed the \$ 50 billion US dollar figure. There was a downslide in the volume of trade marginally in between especially during the global economic meltdown.

It must be emphasized here that Chinese President Hu Jintao's visit to India in 2006 and Indian Prime Minister Manmohan Singh's visit to China in 2009 could not make much impact on the bilateral relationships because of the deepening of mistrust from both sides. However, a 10-point Roadmap was drawn up to enhance the Strategic Partnership. Over the last few years, China has been both overtly and covertly engaging itself across India – China borders and making a number of anti-India gestures. The growing China-Pak nexus, opening of a number of China Study Centres in Nepal and its tacit support to the Maoists in the ongoing imbroglio in Kathmandu and its wider ramifications on Indian national security has added to the growing mistrust in India.

The first decade of the twenty first century also saw lots of cooperation in the field of defence. A bilateral dialogue mechanism has been established to forge greater ties in defence cooperation. As a part of larger confidence building exercise, both the countries have been conducting joint military training and army exercise. Since both the countries have been the victims of piracy, India and China have also agreed to cooperate jointly on the anti-piracy efforts.



India certainly has not been much influenced by the ongoing China's military and strategic modernization programmes. China's requirements are different than India's one. And hence, India understands the current developments in China with great maturity. China's actions with regard to its current strategic capabilities are mostly guided by the developments in the United States. The only worry which India always has is the magnitude of growing Sino-Pakistan nexus. There is, however, certainly a fear that Pakistan will gain from the ongoing strategic modernization programme in China and it will then certainly have negative repercussions and wider ramifications for India's national security.

With the increase in China's force structure, it may also become easier for Pakistan to increase the size, sophistication and overall capability of its strategic force. Therefore, it is anticipated that China will keep colluding with Pakistan and using it as a counterweight to ensure that India is kept distracted by a proxy war. Hence, in the current regional security settings, India will never agree to forego its strategic options.

The current China's posture towards India suggests otherwise. India's security concerns have been widening. It is certainly not "Pakistan-specific", and that it will have to take into account the environment and strategic considerations in its neighbourhood. The all weather Sino-Pakistani relationship will thus be one of the main hitches when one envisions India-China relations in 2020. China certainly benefits more from close ties with Pakistan by extending its influence in South Asia.

Undoubtedly, China perceives itself to be a dominant military power in the whole of Asia and has henceforth systematically and consistently modernized and acquired strategic capabilities. The current trend suggests that nuclear weapons are going to stay in Southern Asia for different missions. The trend also suggests that modernization of strategic weapons will continue and grow in foreseeable future. Looking to the future, it is most likely that due to the Sino-Pakistan nexus, India might put more emphasis on nuclear weapons for its defense because its conventional weaponry is inferior to China in most respects.

China has also been maintaining a strong military presence in the Tibet Autonomous Region. It has also been making its presence felt in the Indian Ocean, North West Afghanistan and countries on India's periphery. Despite a number of existing misunderstandings, potential exists for both the countries to work together on a number of key international security issues including counter-terrorism and drug trafficking. More recently, both India and China have shown a great amount of understanding on a couple of very pertinent issues of global nature. This was apparent in almost all the G-20 summits to deal with the global economic meltdown since 2008 and the Copenhagen Summit in December 2009.

The recent visit of India's National Security Advisor Shiv Shankar Menon in July 2010 who is also India's Special Envoy on China is again an indication of shifting interests and ignoring the real issue, which is mostly to do with the border. Both the countries are aware about the importance of resolving the bilateral irritant but somehow it has lost the direction. During Menon's visit to China, the two countries had discussed opening up of new areas of economic cooperation. It was mainly to do with working together in Afghanistan on infrastructure projects and also in developing the country's mineral resources.

It was made obvious by both the countries that they would work jointly in Afghanistan. Afghanistan has shown interest in both of them for taking help in developing its vast mineral resources. India has already invested more than \$1.3 billion in infrastructure



projects and in other areas in Afghanistan. China has already spent a far greater amount in tapping the mineral deposits of Afghanistan.

5. Conclusions

There is no doubt in saying that the levels of engagement between India and China have increased certainly to a greater extent. India, at the same time, requires to adopt sophisticated approach to deal with the emerging Strategic challenges being emanating from China. Despite the fact that China has become increasingly assertive not only at the regional level but also at the global level, India has not shown any displeasure so far in strongest terms. The border dispute with China will not be resolved in near future.

In the current circumstances, it is obvious that trade has come to be viewed as an increasingly important driver of relations by both sides; especially in the light of lingering political mistrust on a number of wide ranges of issues spanning from the long running border dispute to China's all weather relationship with Pakistan. The regular reports of incursions by Chinese troops and more aggressive patrolling in disputed areas have certainly created strain on India-China relations.

It is high time that both India and China should start emphasizing on resolving the real border issues so that the relationship gets a boost and which ultimately would forge a greater and friendly cooperation. India also requires taking pro-active measures in countering China across its borders. A new pragmatism with a combination of both realism and neo-realism would shape their view of each other. The neo-realist perspective of international relations, where maximization of interests becomes the key factor would guide India – China relations in the future. The emergence of China as India's biggest trading partner in the year 2008 signals that both the countries have been ushering into a new phase of relationship mostly guided by economics and commerce factor.

The signing of an Agreement on "Political Parameters and Guiding Principles for the Settlement of the Border Dispute", by both India and China has shown that both the countries, India and China are moving ahead in terms of reaching to a consensus on this major irritant. It has been also agreed that both sides would maintain peace and tranquility on the border. But, at the same, it requires careful assessment especially on the intent and declarations.

China has also been following the tenets of the 'Monroe Doctrine'. The attempt has always been to deny access to other powers in the region that it perceives as exclusively within its sphere of influence. Such Chinese actions have been damaging the interests of other regions especially to the countries in the East and South East Asia. Many of China's actions in this part of the world would require very careful handling by India. It may be important for India in the current context to understand China's intentions and fundamental goals. India will always promote constructive engagement with China and avoid any direct confrontation. It would also be in China's interest if it forges greater and robust partnership with India in the twenty first century.