

China-India Relations: Regional Rivalry Takes the World Stage

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This year marks the 60th anniversary of the establishment of diplomatic relations between India and China. The pleasantries accompanying this event will strengthen the bilateral relationship, which has significantly improved in recent years amid growing levels of economic interaction, political cooperation on international issues (ranging from climate change to agricultural subsidies) and confidence-building initiatives such as joint military exercises and diplomatic exchanges. Yet the coming year will likely bring new tensions to the relationship as well. The global economic downturn, by confirming the eastward shift in the world's productive and economic capacity, will inadvertently make the rivalry more significant. Indeed, the crisis will provide China and India with more resources to compete with each other while projecting their regional rivalry onto the world stage. China has finally moved beyond Deng Xiaoping's mantra of "hide your strength, bide your time" in order to

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adopt a more proactive role in global affairs.¹ India, having escaped the lethargy of the “Hindu rate of growth” and nonaligned foreign policy, is also adopting a bolder stance. Rising levels of nationalism accompany the growing international clout of both countries. This situation is exacerbated by unresolved core grievances including long-standing territorial disputes, trade imbalances, both countries’ growing naval power projection capabilities and the role of third parties—for example, China’s growing presence in South Asia and India’s deepening relations with the United States. The propensity for misunderstanding is also fuelled by limited people-to-people contacts, cultural barriers and deficient institutional mechanisms for interaction. While the integrated nature of the international system will deter hostilities approaching the level of the brief 1962 border war, latent mistrust will ensure that the Sino-Indian bilateral relationship remains precarious and prone to sporadic tensions.

BORDER TROUBLES REGAIN MOMENTUM

The discord in the China-India relationship is most evident in the unresolved territorial disputes along the 4,000 km Sino-Indian border in Aksai Chin and Arunachal Pradesh (Southern Tibet).² After 13 rounds of bilateral discussions under the special representatives’ framework since 2003 and 15 years of joint working group meetings, there has been little progress in resolving the territorial dispute.³ Meanwhile, the dispute has mutated due to both a change in strategic significance and the expanded tools available to both countries.

The relatively simple solution of recognizing the *de facto* borders—with India thus retaining control of Arunachal Pradesh and China of Aksai Chin—has now been hijacked by broader strategic considerations for both countries.⁴ For China, Tibet has emerged as an issue of renewed sensitivity following the March 2008 riots that erupted in ethnically Tibetan areas. These tensions are likely to grow as the worsening health of the Dalai Lama paves the way for the rise of a generation of more radical Tibetan leaders who are likely to adopt less conciliatory positions toward the Chinese government.⁵ Amid renewed concerns over stability in Tibet, Beijing has sought to reaffirm the legitimacy of its sovereignty over the region. This has led China to adopt a more stringent position over its claim to Arunachal Pradesh, which it terms “Southern Tibet”, and over the symbolically important town of Tawang in particular—the birthplace of Tsangyan Gyatso, the sixth Dalai Lama, and home to the largest Tibetan monastery outside Lhasa.⁶ Tensions could surge between India and China if the Tibetan movement further radicalizes after the death of the current Dalai Lama—a likely event if his successor is chosen among the Tibetan exile community in India.

Coupled with the renewed strategic importance of Tibet in the Chinese mindset, bilateral tensions are fuelled by the growing boldness of the Indian position in the region. This was highlighted by the fact that India ignored Chinese opposition to a visit by Indian Prime Minister Manmohan Singh to Arunachal Pradesh in October

2009 and to the Dalai Lama's visit a month later.⁷ While the Dalai Lama had visited Arunachal Pradesh on at least five previous occasions, this latest visit was plagued by controversy as it came a few months after he traveled to Taiwan. (US President Barack Obama, in contrast, appeased China by delaying a meeting with the spiritual leader.) The Dalai Lama's latest visit to Tawang held symbolic importance as it came 40 years after he fled from Tibet to India (through Tawang). Singh's visit to Arunachal Pradesh also occurred during the same month as the State held assembly elections, which recorded a strong turnout, that strengthened India's claim to the territory. Moreover, during that very same month in 1962, China and India fought a war along their disputed border. Despite these agitations, both countries have attempted to contain tensions. China criticized the Dalai Lama rather than the Indian government for attempting to derail Sino-Indian relations through his visit to the disputed territory.⁸ Likewise, India maintained its position on Tibet as an integral part of China and has not countenanced any separatist activity on its soil—a point highlighted by the Indian government's denial of permission for an overseas trip to the 17th Karmapa Lama, who is regarded as a possible successor to the Dalai Lama.⁹

On the Indian side, sensitivities over Chinese control of Aksai Chin are tied to Pakistan's claim over Jammu and Kashmir. Pakistan handed over 5,180 square km of this territory to China in 1963, thus tying China to the India-Pakistan territorial dispute. Recent years have seen China adopt an increasingly neutral position on the Kashmir issue (of which the most visible manifestation occurred in 1999 during the last conflict between India and Pakistan in Kargil).¹⁰ However, as Beijing adopts a bolder attitude toward territorial disputes, India increasingly worries about renewed Chinese intervention into the Kashmir standoff.¹¹ The fact that the Chinese government invited Kashmiri separatist leader Mirwaiz Umar Farooq to China while the Dalai Lama was visiting Tawang demonstrated China's growing unwillingness to overlook India's perceived border transgressions. The invitation to Farooq also came amid reports that Chinese diplomatic missions in India have been issuing separate visas to residents of Jammu and Kashmir and Arunachal Pradesh since 2009 to emphasize the separation of both states from India.¹²

Both countries have also employed more tools in the territorial dispute, taking the form of both enhanced military capabilities and diplomatic and economic influence. For instance, China's growing infrastructure investment in Pakistan's Gilgit-Baltistan (formerly the Northern Areas), which comprises part of the disputed territory of Jammu and Kashmir, has added an economic facet to the dispute. Chinese-funded projects in the region, which include upgrading the Karakoram Highway, the Bunji and Basha dams, and the Kohala and Neelam-Jhelum hydroelectric projects, undermine China's neutrality in the India-Pakistan dispute over Kashmir.¹³

An additional dimension of dispute is the issue of water flows. Most of India's river systems originate in China and the lack of trust stemming from the border dispute has deterred transparency and cooperation between the two countries in sharing information on hydrology, dam construction plans and water diversion proj-

ects. China's recently-revealed plans to build dams along the Yarlung Tsangpo River potentially threaten the water supply that feeds India's Siang River.¹⁴ These projects, which form part of China's grand South-to-North Water Diversion scheme, could undermine India's own water security initiatives.¹⁵ Given both countries' growing water shortages and their still significantly agrarian economies, the river flow issue threatens to further exasperate border tensions.

On the military front, China's development of the Qinghai-Tibet railway, its proposed extension to prefectures bordering India,¹⁶ and the deployment of additional border defense regiments and mountain brigades have strengthened the PLA's position.¹⁷ Expanding border deployment has been matched by increasingly bold action: in 2007, reported Chinese border violations along the Line of Actual Control were 778; in 2008, they grew to 2,258.¹⁸ Disturbingly, these violations concerned regions along the Sino-Indian border that have traditionally not been prone to instabilities, such as the Sikkim-Tibet boundary and the Indian state of Uttarakhand.

In response to China's increased military presence along the border, India has also adopted a bolder military posture by shifting from a doctrine of "dissuasive deterrence" to one of "active deterrence" supplemented by a strengthened military presence. This has included the 2009 deployment of a squadron of Sukhoi-30 MKI multi-role combat aircraft at the Tezpur airbase in the Northeast and two additional mountain divisions at China's border with Arunachal Pradesh.¹⁹ Though still lagging behind China, India has also increased infrastructure projects along the boundary that will enhance the Indian military's response time to hostilities. More than 60 roads are planned for completion by 2012,²⁰ while the Home Office has proposed the construction of over 100 helipads across the northeastern states.²¹ Airstrips near the boundary were also assigned a medium-lift transport aircraft in eastern Ladakh in September 2009, which demonstrated India's enhanced ability to deploy troops in forward areas along the border.²² While none of these actions has been justified by either country as a means to target the other—India has explained its increased military presence in the Northeast as a means to target separatist insurgents, while China has attributed its initiatives as a response to Tibetan and Uyghur unrest, and both countries identify infrastructure projects with development needs—these initiatives have undoubtable spill-over effects on the ongoing standoff.

Beyond the movement of militaries along the border, the territorial dispute has also acquired global significance. Just as the rivalry between China and Taiwan moved beyond the Taiwan Strait as both sides competed for diplomatic recognition through "checkbox diplomacy", the Sino-Indian border dispute has also moved onto the world stage amid both countries' growing economic clout. This was most evident in the dispute over a US\$2.9 billion Asian Development Bank (ADB) loan to India that China attempted to block in March 2009, as it included funding for a \$60 million flood management program in Arunachal Pradesh.²³ Such incidents will become more common as both countries acquire a greater voice in international forums.

RHETORIC DRIVES REALITY

Underpinning these tensions is the issue of perception. Allegations that PLA soldiers violated border markers in Ladakh in Jammu and Kashmir in 2009 are almost of secondary importance when compared to the perception of mistrust that these reports have generated.²⁵ Jingoistic reporting in the media of both countries has contributed to a climate of mistrust at the people-to-people level. This has included an article by a Chinese strategist proposing to carve up India along ethnic lines²⁶ and a scathing assessment claiming that India had “started to dream about developing its own hegemony.”²⁷ Meanwhile, Indian media made alarmist predictions of a Chinese attack on the subcontinent within the next decade as internal pressures from an over-heating or slowing economy will force the government to strengthen its nationalist credentials by diverting attention toward border disputes.²⁸ In the long term it is these negative perceptions that will shape the rivalry between the two countries.

Sino-Indian relations and India-Pakistan relations are characterized by two extremes. While the India-Pakistan rivalry remains an active conflict, the China-India rivalry is more rhetorical than real. However, from a cultural standpoint the Sino-Indian dispute is more prone to misunderstandings than the Indo-Pakistani conflict because, despite historical and religious tensions, there is a greater cultural affinity between Indians and Pakistanis. While growing levels of political and economic engagement deter conflict between India and China, at an individual level there continues to be a climate of mistrust that will deter long-term rapprochement. This reaffirms the need for institutional mechanisms of interaction that facilitate dialogue at multiple levels on a regular basis.

In the meantime, the rivalry will increasingly play out in the international arena. India's push for a stronger voice in the international system, including a permanent seat at the United Nations Security Council (UNSC) and a more substantive role in the Asian regional architecture, is likely to gain momentum and bring it into conflict with China's traditional resistance to an expanded role for India. The Chinese attempt to block the ADB loan to India in 2009 and its veiled opposition to the Nuclear Suppliers Group (NSG) granting a waiver to conduct trade with India in civilian nuclear technology in 2008, hints at the international competition to come.²⁹

Furthermore, attempts to forge a cooperative approach toward international issues have had limited success despite both countries facing shared dilemmas spanning development needs, energy and maritime security, and climate change. For instance, attempts to create an Asian block of oil-importing countries like India and China in order to strengthen the region's bargaining position with oil producers have proved to be a non-event.³⁰ Concerning climate change, the fact that the Indian government was caught off guard by China's announcement ahead of the 2009 Copenhagen Summit that it would reduce its energy intensity demonstrated that both countries maintain a go-it-alone attitude despite the rhetoric of a common stance on not imposing a cap on carbon emissions.³¹

THE CHIMERA OF ECONOMIC INTERDEPENDENCE

Even on the economic front, which is seen as an area of interdependence, cooperation remains strained. While Chinese and Indian companies have made significant inroads into each other's markets, a climate of mistrust (particularly on the Indian side) continues to deter greater economic integration. The rhetoric of Indian services complementing Chinese manufacturing and Chinese hardware complementing Indian software has been broken. Concerns over industrial espionage involving Chinese equipment and technicians have prompted increasingly stringent guidelines for investment, particularly in sensitive or strategically important sectors like telecoms and ports.³³ For instance, while Chinese companies account for almost 20 percent of the Indian telecom market, the pace of this investment has been delayed as Indian telecom companies have been advised by the Ministry of Defense and Intelligence Bureau not to award contracts to Chinese companies like Huawei and ZTE that entail the installation of equipment in sensitive areas (such as border areas) in the interest of national security.³⁴

Similarly, the Indian government rejected a container terminal project for Hong Kong-based Hutchison Whampoa Ltd in Mumbai in 2005; one year later the government failed to approve the Vizhinjam Deep-sea Container Transshipment Terminal project because of security concerns over China Harbor Engineering being awarded the project.³⁵ Chinese companies have also been barred from bidding for offshore oil and gas exploration projects in sensitive areas like the Mannar Basin off the coast of Sri Lanka, and the Andaman and Nicobar Islands at the mouth of the Strait of Malacca.³⁶ On the heels of the cyber attacks on Google's China portal, reports also emerged of a December 2009 attempt to hack Indian government sites, which included those of the prime minister's office and the National Security Council Secretariat.³⁷ These revelations have led to calls for more stringent requirements for Chinese investment in India's information technology sector, evidenced by reports that the Indian government has sought to ban the sale of all mobile phones manufactured by Chinese companies.³⁸ The Indian government is also planning to specify norms for imported telecom and IT equipment to minimize the risk of spyware being embedded in such equipment.³⁹

Underlying these economic tensions is the fact that economic interdependence remains skewed and superficial. Bilateral trade remains at relatively low levels with India accounting for a mere two percent of China's total global trade (as China's tenth-largest trading partner), although China has emerged as India's second-largest trading partner.⁴⁰ Trade levels dipped in 2009 to \$43.4 billion from \$51.8 billion in 2008 despite the fact that they had grown rapidly from \$338 million in 1992 and were targeted at \$60 billion for 2010.⁴¹ Economic disparities have exacerbated bilateral tensions, given India's widening trade deficit with China (\$16 billion in 2009)⁴² and that three-quarters of Indian exports to China are comprised of commodities and raw materials with little value added in contrast to China's export of manufactured goods to India.⁴³ The Indian side has attributed this disparity to China's enforce-

ment of non-tariff barriers, particularly in sectors where India retains a comparative advantage, such as information technology and pharmaceuticals.⁴⁴ Unsurprisingly, India is a leading initiator of anti-dumping cases against China, which has deterred India from granting “market economy” status to China.⁴⁵ The Indian government’s decision to tighten restrictions on work visas in 2009 was also partially driven by the desire to limit the presence of Chinese workers in India following clashes between Chinese laborers and local Indian villagers at a steel factory in Jharkhand State in May 2009.⁴⁶ Finally, the mechanisms to address bilateral economic disputes remain undeveloped and under-utilized: the Joint Economic Group (JEG) between India and China lacks the profile of the Strategic Economic Dialogue (SED) between China and the United States, with the JEG holding its eighth meeting this year after a gap of four years in contrast to the SED’s annual meetings.

THIRD PARTY COMPLICATIONS

Also underlying the complications of the Sino-Indian bilateral relationship is the increasing influence of third parties. This comes amid the gradual weakening of the US-led security architecture in Asia, which is paving the way for overlapping and often competing security paradigms. For instance, rhetoric regarding the creation of a so-called “arc of democracies”, which gained momentum under the George W. Bush administration, has virtually disappeared as a result of leadership changes within each of the “arc” countries (except India). In the United States, the Barack Obama administration’s focus on reviving the US economy, which entails maintaining cordial relations with China as the dominant emerging economy and leading holder of the US government debt, has dampened discussion of forging an “arc” against China. The hype of the US-Indian relationship generated under the Bush administration with the conclusion of the civilian nuclear agreement and the US proclamation to help India emerge as a “world power” has been toned down, though more pragmatic ambitions to deepen economic interdependence and military-to-military cooperation persist.⁴⁷ The fact that Indian Prime Minister Manmohan Singh’s visit to Washington in November 2009 was preceded by Obama’s visit to China—which ended on a sour note for US-Indian relations due to reports that Obama had called on China to play a more active role in South Asian security—left India with a bitter taste.⁴⁸ Much to India’s chagrin, the first reported “US-China sub-dialogue on South Asia”, which followed the 16th summit of the South Asian Association for Regional Cooperation (SAARC) in April, has reaffirmed China’s growing role in South Asia’s political, economic and security trajectory.⁴⁹

Other countries in the so-called arc have also toned down their rhetoric of forging an anti-China group with India. The shifts from a Liberal Democratic Party (LDP) to a Democratic Party of Japan (DPJ)-led government in Japan and from a Liberal-National coalition to a Labor Party-led government in Australia have led both countries to seek a closer relationship with China while shelving the idea of a Quadrilateral Initiative including India. Instead, both have opted for more inclusive regional archi-

tures, as highlighted by Australian Prime Minister Kevin Rudd's proposal for an Asia-Pacific Community and former Japanese Prime Minister Yukio Hatoyama's proposal for an East Asian Community. Both countries' notable absence from this year's Malabar-10 naval exercises between the United States and India, which included the Australian, Japanese and Singapore navies in previous years, has reaffirmed their attempt to tone down the anti-China rhetoric. These events also demonstrate the fragility of Indian engagement with East Asia, which is still not sufficiently institutionalized and subject to the whims of changes in governments.

Nonetheless, India's continued engagement with the Asia Pacific region as part of its "Look East" policy combined with less confrontational bilateral and more inclusive multilateral mechanisms ensures that engagement will continue, albeit at a quieter pace. US-Indian relations have matured to an extent that the trajectory is unlikely to change despite the pace and profile of the relationship being toned down. This was highlighted in the Pentagon's Quadrennial Defense Review (QDR) 2010, which notes that India's "growing influence, combined with democratic values it shares with the United States, an open political system, and a commitment to global stability, will present many opportunities for cooperation."⁵⁰ This contrasts with the US assessment of China's rise, which is subject to less optimism as the "lack of transparency and the nature of China's military development and decision-making processes raise legitimate questions about its future conduct and intentions within Asia and beyond."⁵¹ The first cabinet-level India-US Strategic Dialogue in June 2010 reaffirms the unchanged trajectory of the deepening bilateral relationship.⁵²

Meanwhile, the rise of the DPJ party in Japan signals a potential shift toward a more assertive foreign policy in which the US-Japanese alliance, while remaining at the core of Japanese foreign policy, will be supplemented by expanded relationships with other regional powers, including China and India. Hatoyama's visit to India in December 2009 ended with a Joint Statement highlighting an Action Plan for deepening cooperation in security and strategic issues between India and Japan.⁵³ More broadly, India's inclusion in regional multilateral frameworks, including a free trade agreement with the 10-member Association of Southeast Asian Nations (ASEAN) that came into force in January 2010, ensures that India's engagement with East Asia will continue to deepen amid latent concerns to balance the rise of China.

China has simultaneously continued to make inroads into South Asia fuelled by growing strategic influence, resource needs and concerns over instabilities along its periphery.⁵⁴ There is no longer a question of whether China will encroach on South Asia: China is now firmly embedded in the South Asian economic and security architecture. China's "all-weather relationship" with Pakistan has deepened despite concerns over the country's precarious political and security situation. Beyond military-to-military cooperation,⁵⁵ around 60 Chinese companies and 10,000 Chinese nationals work in the country on 122 major development projects, including the Gwadar port and Saindak copper mine project in Baluchistan province, and the Gomal Zam Dam project in the Federally Administered Tribal Areas (FATA).⁵⁶ China is now Pakistan's

second-largest trading partner and economic integration has continued to gain momentum facilitated by their free trade agreement, the establishment of the Pakistan and China Joint Investment Company (JIC) and an agreement to settle trade across the Xinjiang Uyghur Autonomous Region border using the Chinese Yuan as the base currency (replacing the US dollar), which is a precursor for a currency swap agreement between both countries.⁵⁷ China's ongoing support for Pakistan's civilian and military nuclear power program has also served as a veiled criticism of the civilian nuclear cooperation agreement between India and the United States.⁵⁸

China's long-standing relationship with Pakistan has been complemented by its growing presence in the wider region, which is often driven by the internal political dynamics of these countries. For instance, China's stake in Afghan stability has increased as its economic interests have grown in the country, as demonstrated by its involvement in the largest foreign investment project in the Aynak copper mine in Logar Province.⁵⁹ The growing dependence of international coalition forces on the Northern Distribution Route to Afghanistan through Central Asia, coupled with the displacement of militants from Pakistan's northwest tribal region, also threatens to fuel instabilities in the Wakhan Corridor linking Afghanistan with China and in other regions along China's western border.

For India, Afghanistan has long been a stage of geopolitical rivalry with Pakistan, which has sought to achieve "strategic depth" through expanding its links with militant Islam in both Afghanistan and Central Asia. Despite not having a formal military presence in the country, India has emerged as an important player in Afghanistan as the largest regional aid donor and fifth-largest bilateral donor with several symbolic and strategic projects. These include the construction of the Delaram-Zeranj highway connecting Afghanistan with the Iranian port of Chahbahar, which provides an alternative trade route to the Chinese-funded Pakistani port at Gwadar.⁶⁰

China's growing resource and security interests in Afghanistan may further entrench it into the broader security framework of the region, potentially diluting Indian influence. This has been demonstrated by discussions to replace India with China in the Iran-Pakistan-India (IPI or "peace") gas pipeline project amid ongoing disagreements between India and Iran over gas pricing and tensions with Pakistan over security.⁶¹ Were this to occur, it would embed China into South Asia's energy infrastructure while potentially undermining India's energy security needs. It would also complement China's growing dependence on energy supplies from Central Asia following the completion of the Kazakh-Chinese oil pipeline in July 2009 and Turkmen-Chinese gas pipeline in December 2009.⁶²

In Nepal, the shifting balance of power in favor of the Nepali Maoists (UCPN (M)) has been a boon for China, given the Maoist allegations of Indian intervention in Nepal's internal affairs. Former Maoist Prime Minister Pushpa Kamal Dahal's (aka Prachanda) first overseas visit destination of China over India in 2008 was indicative of this shift and, though Prachanda resigned as prime minister in May 2009,

the UCPN (M) remains an influential player in Nepali politics as the largest party in the constituent assembly. From 2008-2009, a dozen high-level Chinese delegations visited Nepal⁶³ and Prachanda continued to make advances toward China despite the differing ideologies of Nepali Maoists and the Chinese Communist Party.⁶⁴ Closer relations with China have helped Nepali Maoists reduce India's dominant influence over the country by putting pressure on India to renegotiate the unequal friendship treaty between the two states. Meanwhile, the Nepali government has reciprocated China's advances by becoming increasingly aggressive in its crackdown on Tibetan activists in Nepal, which hosts the largest population of Tibetan exiles after India.⁶⁵

A similar trend has been seen in Sri Lanka, where China's growing economic interests have been complemented by changes in the internal political and security climate. President Mahinda Rajapaksa's government in Colombo has stepped up engagement with nontraditional donors like China, even as the West has criticized the government's human rights record and threatened to curtail aid and investment. China has provided preferential loans at subsidized rates in addition to investment in strategically and symbolically important infrastructure projects. Bilateral trade with China grew fivefold between 2006 and 2008, and China replaced Japan as Sri Lanka's leading aid donor.⁶⁶ In addition to economic assistance, China also provided crucial diplomatic support to Sri Lanka by defeating an EU motion against Sri Lanka for war crimes investigations by the UN Human Rights Council.⁶⁷ China was also able to supply offensive armaments to the Sri Lankan military in its campaign against the Tamil Tigers, while traditional ally India was unable to do so given domestic policy considerations.⁶⁸ This has prompted concerns in both India and the United States, as noted by a report from the US Senate Foreign Relations Committee in 2009 highlighting Sri Lanka's potential to emerge as a stage of geopolitical rivalry.⁶⁹ China's notable investment in Sri Lanka's port infrastructure, including the Hambantota port project and the Colombo South Harbor Development Project, has revived debate over China's "string of pearls" strategy of constructing ports along strategically important waterways. China's growing interests in Sri Lanka's port infrastructure emulate existing Chinese-funded port projects at Gwadar in Pakistan, Marao in the Maldives and Sittwe in Myanmar (Burma), and complement ambitions to develop overseas supply bases.⁷⁰ While these projects have little direct military significance over the short run, they nonetheless provide access points for Beijing to ramp up its military presence in the region at a later stage.

INDIAN OCEAN DILEMMA

Military modernization underlies both countries' growing overseas interests. India's arms acquisitions in 2005-2009 totaled \$35 billion—more than double its spending in the previous five years (1999-2004) and accounting for seven percent of the world's arms exports, second only to those of the Chinese.⁷¹ While in 2010 China's annual increase in military spending dipped below double-digit levels for the first time in almost two decades, concerns remain over the transparency of China's

military modernization. The fact that China's defense budget is more than twice that of India and second only to that of the United States also ensures that the trajectory of its initiatives to improve power projection, logistics, interoperability and informationization remains unchanged.⁷²

Increasingly ambitious military doctrines reinforce both countries' growing defense expenditures. A speech by Indian Army Chief Deepak Kapoor at a training command seminar in December 2009 about preparing the military for fighting a two-front war with China and Pakistan demonstrated the bolder thinking within India's military strategic framework.⁷³ This supplements the military objectives laid out in the Indian army's "Cold Start" military doctrine, which aims to confine conflicts to quick, decisive and limited wars in order to deter a nuclear response from Pakistan or China.⁷⁴ This comes as China is also shifting its military doctrine from territorial defense toward forward or active defense and the pursuit of "new historic missions" that entail increasing overseas deployments, which will bring it into closer contact with the Indian military.

The most likely stage for a Sino-Indian military rivalry is the maritime theatre. Given both countries' growing strategic interests in the Indian Ocean, through which 80 percent of Chinese and over 60 percent of Indian oil imports transit, each is likely to perceive the other's naval modernization initiatives as inherently threatening. Notably, the January 2009 deployment of a People's Liberation Army Navy (PLAN) naval taskforce in the Indian Ocean has turned hypothetical debate over China's blue water naval ambitions into a reality. China has made naval power projection goals increasingly transparent while simultaneously shielding them under the rhetoric of maintaining "Harmonious Seas."⁷⁵ China's 2008 Defense White Paper noted that the PLAN will "gradually develop its capabilities for conducting operations in distant waters and countering nontraditional security threats."⁷⁶ The PLAN's growing ambitions are complemented by its growing capabilities: over the last decade the PLAN has acquired about 30 submarines and 22 surface ships while it intends to acquire an aircraft carrier fleet by 2020.⁷⁷ China's navy currently has three times more combat vessels and five times more personnel than the Indian navy.⁷⁸

While China's naval capabilities focus primarily on deterring US intervention in a conflict in the Taiwan Strait, they could be used over the long term to expand China's sea-denial capabilities in other regions, including the Strait of Malacca and the Indian Ocean. The growing boldness of PLAN maneuvers in the East and South China Seas in recent years is a possible harbinger of developments in the Indian Ocean.⁷⁹ China's naval ambitions were further highlighted in a reported statement by a Chinese naval officer in a meeting with US Pacific Command (PACOM) Chief Admiral Timothy J. Keating, in which he suggested that China and the United States carve up spheres of influence with China assuming influence over the Indian Ocean.⁸⁰ While this was regarded as a tongue-in-cheek remark, it nonetheless reaffirmed Chinese ambitions to acquire parity with the United States as a naval power and expand its presence in the Indian Ocean. While the PLAN decision to join the Shared Awareness

and Deconfliction (Shade) naval taskforce has brought China into the multilateral framework of protecting sea-lines of communication (SLOCs) in the western Indian Ocean, it has also expanded China's mandate in the Indian Ocean. The October 2009 hijacking of the Chinese cargo ship *De Xin Hai*, the first Chinese vessel to be hijacked since the deployment of the PLAN taskforce, has further empowered the PLAN presence in the Indian Ocean.⁸¹

Meanwhile, India has continued to pursue its own aggressive naval power modernization strategy. The Indian Navy currently has 34 warships and six submarines on order to ensure that its force does not fall below 140 vessels.⁸² Despite delays in procuring some platforms, such as the Russian aircraft carrier *Admiral Gorshkov* (INS *Vikramaditya*), India has stepped up the indigenous development of its naval capabilities, including air defense ships (indigenous aircraft carriers), (Advanced Technology Vessel) nuclear-powered submarines⁸³ and "stealth" *Shivalik*-class frigates,⁸⁴ as well as developing a submarine-launched supersonic missile that modifies its BrahMos cruise missile. The Indian Navy aims to deploy two carrier battle groups by 2014-15.⁸⁵

India has also established a listening post in northern Madagascar in addition to strengthening its four naval commands, including the Andaman and Nicobar Joint Command located at the mouth of the Strait of Malacca, and deploying coastal radars in the Maldives.⁸⁶ The Indian Navy has demonstrated its role in ensuring regional maritime security through high-profile operations, including participation in the multi-nation anti-piracy operations off the coast of Somalia since 2008, and humanitarian assistance to Myanmar following Cyclone Nargis in May 2008 as well as to countries devastated by the Indian Ocean tsunami in December 2004. The 2010 US Quadrennial Defense Review has noted that, "as its military capabilities grow, India will contribute to Asia as a net provider of security in the Indian Ocean and beyond."⁸⁷

TOWARD A "SOFT" COLD WAR

The integrated nature of the international system will ensure that conflict between India and China remains a distant possibility over the short term as neither country is looking for a fight while they remain preoccupied with consolidating their "Comprehensive National Power."⁸⁸ China continues to "bide its time" while dealing with the fall-out of its rapid growth in the form of narrowing the urban-rural and coastal-inland divide, strengthening the provision of public goods, and containing ethnic unrest in Xinjiang and Tibet as well as sporadic challenges to the one-party rule of the Chinese Communist Party (CCP). Similarly, India remains preoccupied with its own urban-rural divide, the most visible manifestation of which is evidenced by growing Naxalite (Maoist) insurgency across the rural heartland in addition to ethnic, caste and religious cleavages that have appeared in the form of separatist movements (in Kashmir and in the Northeast), and sporadic incidents of unrest in major cities. Both countries also continue to fight against the unresolved legacies of

their national independence struggles: China's tensions with Taiwan and Tibet and India's tensions with Pakistan remain a thorn in the side of both countries' global ambitions and development.

Shelving their hostility, both countries will continue to pursue confidence-building measures such as joint military exercises and diplomatic exchanges.⁸⁹ The establishment of direct hotlines between the premiers of both countries following the visit of Indian Foreign Minister S.M. Krishna to China in April 2010 has provided an additional mechanism to prevent misunderstandings from flaring up into major bilateral tensions.⁹⁰ Pallam Raju, India's minister of state for defense, has also offered to collaborate with China in order to protect the transit of energy and resource supplies through the Indian Ocean.⁹¹ This falls in line with a proposal by national security advisor and former foreign secretary Shiv Shankar Menon for a "Maritime Concert" in which the region's major maritime powers would have a collective responsibility to protect the Indian Ocean from nontraditional security threats.⁹² This also complements Chinese strategic thinking on the need to develop the concept of "Military Operations Other Than War" (MOOTW).⁹³ Both countries have also pledged to strengthen economic interdependence through multilateral initiatives, such as discussions of currency swap agreements among the BRIC (Brazil, Russia, India and China) economies.⁹⁴

However, the rhetoric of economic integration should not be assigned exaggerated importance and the likelihood of irrational jingoism should not be underestimated. The Sino-Indian relationship will assume greater significance in the international system as the rise of both countries makes the rivalry more complex and multidimensional. Localized issues will assume greater regional and global significance given both countries' growing clout. As such, a soft "Cold War" is the most likely scenario; growing economic interaction and political cooperation on international issues of mutual interest (like climate change) will coexist with mutual mistrust on regional issues (like the territorial dispute).

Finally, the emergence of a so-called "Asian Century" will be contingent to the emergence of a stable regional order. With the relative decline of the United States and relative rise of China in the Asia Pacific in the aftermath of the global economic downturn and the US preoccupation with conflicts in Iraq and Afghanistan, a new regional architecture will be necessary to contain longstanding adversarial relationships. With respect to India and China this will require both countries to move beyond the extreme rhetoric that has traditionally plagued their relationship, ranging from the idealistic cordiality of "Hindi-Chin bhai bhai" (India and China are brothers) to China's belligerent claims that India is an "appendage of Western imperialism." Both countries must instead recognize the need to forge a more robust relationship by embedding strengthened people-to-people contacts and deepened functional co-

operation in areas of mutual interest. ☪

NOTES

¹ Michael Pillsbury, *China Debates the Future Security Environment* (Washington DC: National Defense University Press, 2000).

² India claims 38,000 square km of territory in Aksai Chin (in Jammu and Kashmir) that is held by China. China claims 90,000 km of Arunachal Pradesh (originally the North East Frontier Agency) that was granted statehood by India in 1986, which led to skirmishes between both countries at Sumdorong Chu Valley the following year. China refuses recognition of the 1914 Simla Accord that demarcated the China-India border on the grounds of challenging the legitimacy of Tibetan and British Indian interlocutors.

³ The special representatives meetings have only agreed on guiding principles and political parameters for reaching a final settlement.

⁴ Chinese Premier Deng Xiaoping proposed recognition of the status quo in 1988, while the 2005 Guiding Principles committed both countries to recognise the interests of settled populations. See: S.N.M. Abdi, "Standing their ground," *South China Morning Post*, Aug. 7, 2009.

⁵ Such groups include the Tibetan Youth Congress, Tibetan Uprising Organization, the National Democratic Party of Tibet and Students for a Free Tibet.

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⁷ Singh made his first prime ministerial visit to the disputed territory in January 2008—the first by an Indian premier in over ten years.

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⁹ Saranash Sehgal, "Entente cordiale blocks Karmapa Lama," *Asia Times*, April 14, 2010.

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