

DYNAMICS OF INDIA–CHINA RELATIONSHIP AMID TRADE AND TRUST DEFICIT

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ABSTRACT

Sino-Indo relationship has nosedived during recent months due to Galwan bloody face off on the night of 15 June. Will it take turn of another war between the two countries or remain muted to the level of mutual hostility, distrust and opaque behavior? Will banning on fifty-nine Chinese apps by the Indian government do something positive or sour the already hostile relationship? Trade balance is heavily in China's favour. Closure of foreign consulates between the US and China is also adding masala to the already hot climate between the two states. But, to be sure enough, world politics has been captured and juxtaposed between two positions - the unholy ambition of Chinese expansion and the relative decline of world organizational structures. US is no more the same force. Several hotbeds are emerging in the world politics and its related power structures. Whole of Asia is sitting on volcano just for the only cause of China and its grandeur design of 2049, the hundredth year of Chinese people's revolution. No doubt, 21st century is going to be an Asian century, albeit hijacked by Chinese ambition. Corona pandemic has confused the whole scenario of world politics. Once invincible states of Europe and even the US are paining. The myth of US hegemony is over now. Post COVID international politics will certainly usher into an arena of multipolarity with a heavy tilt in the favour of China. Here lies the real danger for India. Treatment with this prospective heavyweight will set the tone of future international political events. India, being one of the biggest neighbours, is bound to be influenced by these events. Narratives of international political course will take shape accordingly.

KEYWORDS: *International Relations, Covid-19, India, China*

Bilateral relationship between India and China has been a story of proxy friendship amid mutual distrust for the last 58 years. Despite this nagging reality there was no bloody face-off since 1975. But the night of 15th June has heralded a new hot age in their relationship. Will it turn more violent or go back to the same strategic situation? If it takes a more violent route, should we witness the beginning of 3rd world war? At this juncture, this question seems to be more hypothetical than actual. But the COVID-19 angle to this reality is posing bigger questions. The stand-off in the Galwan valley is perhaps not the actual agenda of China, but an attempt to get world's attention off from Corona pandemic. China is being criticized severely the world over for its alleged involvement in the genesis of the pandemic. If it proves right, China will have to pay a very hefty price, which will actually and eventually break its dream of becoming the biggest power in international politics. Right now, it is almost knocking the door by being the second biggest economy of almost 15 trillion dollars just after the United States. India, being neighbor to China has something more at stake.

The death of 20 Indian army personnel in a bloody confrontation in Galwan valley along LAC has something more to speak. Although no official boundary had ever been negotiated between the two states, McMahon is a working demarcation line. In 1959, the Chinese premier Zhou Enlai, in a

series of letters to the Indian counterpart Nehru, used the term LAC. Cross border disputes and Incidence of sporadic encroachments and transgressions of Indian territory by the Chinese have occurred in the past, but settled diplomatically by negotiations and agreements. This time situation is altogether different. India of 2020 is more offensive and opaquer in its approach. **Modi is known more for his surprises as against Nehru's compromises.** The leadership pattern is diametrically opposite to each other. 21st century Indian ambition is an open secret. Therefore, this face off issue is not going to be chilled very easily. Aggregation of armies at both ends are building up.

Another narrative of the whole story is also doing round the corner. It is said that cold war never ended but only suspended for a brief period of time. Almost 25 years have passed on without any kind of serious danger to the world peace. Now the actors have changed. For the last four or five months, world political equation has dramatically changed in Chinese favour. U.S is very fast being relegated to the second position. In an attempt to rejoice this newly acquired position, China is playing its cards very fast. Unless and until it takes over its strong neighbor India, China can not emphatically announce its supremacy of world politics. Therefore, this dilemmatic situation, arising out of corona pandemic, in world politics is posing serious concern for world peace and more specifically to regional peace in South Asia. Till recently, India

used to enjoy a healthy and cordial relationship with its neighbors except Pakistan. But this too has changed very fast by the stances taken by Nepal and Bangladesh vis-à-vis India. It is surrounded by failed democracies. China is expanding its network very fast in the region by giving ideological and logistical support to Nepal at one hand; and on the other, giving trade concessions to Bangladesh. As usual, Pakistan is singing the same old song of Kashmir at the behest of China. A kind of **'Enemy Ring'** is being created by China all along the Indian borders.

What options, now, India is left with? Should it stoop down or fight for its pride? The way Modi leadership has emerged in the Indian politics since 2014 gives clear and ample indication of tit-for-tat approach like Balakot strike on Feb. 26 in Pakistan against the Pulwama terror attack on 14 Feb, 2019. But this is no so easy this time.

Strategically India, currently, is juxtaposed between the options of boycotting Chinese items and continuing a cautious trade tie with it. A kind of anti-China wave is currently sweeping the whole country. Is it so simple to decipher trade relationship with China keeping in mind the fact that trade balance is heavily tilted in favour of China? Out of a total 90.4-billion-dollar trade during 2018, a whopping 73.9 billion dollars accounted for import and only 16.5 billion dollars for export (1), meaning thereby that there was a huge gulf 57.4 billion dollars or nearly 78:22 ratio between the two country. Even if we boycott, how will we sustain our electrical machinery, T.V, organic chemicals, reactors, boilers industries? Year on year India's trade deficit is widening with china. Within a decade trade balance has hugely tilted in China's favour. The most notable of this whole trade scenario is that India, growing rapidly in the manufacturing sector after 1991, is fast becoming a trade partner. Interestingly, China is our biggest business partner. Through the channels of consumer market, manufacturing segment and investment in the Indian companies,

China has been given entry into Indian business. But now, as situation has arisen, India can't take the risk of cutting its business tie off with China unilaterally and abruptly. A lesson, therefore, needs to be learnt that a value-based economy can thrive more emphatically through manufacturing and small-scale industries than merely having a whopping trade transaction. Either party withdrawal in bilateral trade severely affects the economic sentiments and environment.

Another angle of the whole imbroglio is that why are we showing too much panic over this border issue? China has border disputes almost with its every neighbour; so as with India. The recent Galwan standoff is nothing more than a pressure tactics by China to the world that now the stage is set for its arrival in the world politics with much fanfare. Even India is not in a position to challenge it. And it knows very well

that once India accepts its hegemony, rest of the globe will automatically too. **East China Sea** and **South China Sea** are also hot beds for world politics, but the bearings of these region are not as meaningful for China as the Indian borders mean to be. India has the second longest border with China after Bangladesh. Even it has constructed artificial Islands in south China sea and claiming its sovereignty over the adjoining seas through international sea law. With Japan also, it is claiming its right over **Senkaku Islands**.

China is even claiming its **full sovereignty over Laos, Magnolia and Vietnam** by giving the historical example of its reign over the territory by **Yuan** and **Ming kingdom** respectively. They also claim **over entire South Korea**. They claim over **Jindao region of North Korea, a large portion of Bhutan, over territories of Philippines and Cambodia, on a very large area of Myanmar, Afghanistan, Indonesia, Malaysia, Singapore, Brunei, Kirgizstan, Tajikistan and Russia**. Even **Nepal** has alleged China of its capturing over more than 60-hectare territory. This whole scenario is enough to convince us that Sino-Indo border dispute is not necessarily going to escalate and transforming into a full-fledged war. Even China would dare going to this level. Its main motto is to capture the minds of other states so as to fulfill its dream of becoming the greatest power of the world. 200 years back, Napoleon Bonaparte had opined **'let China sleep, for when she wakes, she will shake the world.'** In a larger perspective, this is what happening in the world.

Last six months have catapulted the entire narrative of international politics. The once invincible U.S is cracking under the effect of Corona pandemic. Russia, Brazil, India and Europe are too heavily paying the price. China is being blamed by almost entire world of this pandemic spread. Even WHO is engaged in some fishy play. Still no vaccine or drug has come out of its treatment. Whatever the truth may be, if found guilty of its genesis, China will have to pay a hefty price of its escalation. So, therefore, in a bid to concealing the facts, China may be playing these nonsense cards of border disputes and engaging its enemies in proxy-battle situation. It has also unearthed an artificial flooding in Wuhan to destroying any kind of corona connection. But to be sure enough, the dynamics of international politics has changed very fast. China has almost dethroned U.S from the status of superpower. Through Belt and Road Initiative, formerly known as one belt one road (OBOR), China is fast expanding its influence in other parts of the globe. By financing in infrastructure projects in almost 70 countries, China is aiming on inter-regional connectivity. This has been the most ambitious project of Xi Jinping since 2013. Under this project, it has constructed roads in the Aksai Chin and Tibet region connecting to the Pakistani port city of Karachi also. It is expected that almost 40 percent of world trade would take place from this route. But critics are terming this project as the new form of economic imperialism. One by one, China is capturing

the ports or taken control over the rights of roads which it has built in other countries. Hambantota port, for example, in Sri Lanka has been leased to Chinese company CMport for a 70 per cent debt-for-equity swap.

In a major jolt in the series is that Iran has ousted India from its Chabahar-Zahedan rail project. Now it is being murmured that China is going to complete this project. Reports are that Iran and China are close to finalizing a 25-year strategic partnership totaling a whopping 400 billion dollars. But India should not draw a hasty conclusion. Our ties with Iran have been historically and strategically very robust and trade friendly. Any premature conclusion is bound to affect our relationship. No doubt, China has invested a lot in the west Asia and is the biggest importer of gas fuel, still it is trying to convince Iran to connect itself with the BRI project. Even China is facing a difficult turf while negotiating trade agreements due to US economic sanctions over Iran. Trade policies between India and China have also been heavily tilted in favour of China. Since 1990 the difference started in favour of China. In 1990 India's per capita income was \$368, while of China was \$318. By 2019, China's per capita income was \$10216, five times larger than that of India's. In 1990, India's industrial capacity was at par with China and in some sectors ahead of it. Between 1990 to 2010 Chinese economy became five times as large as Indian economy and its production of machine tools 50 times as large. Even it did not fall in line with WTO trade rules and flouted as per its needs and wishes. India must reconsider its trade policies in a quite different way. **Arun Maira**, former member of Planning Commission, opines, "trade policy must be linked with foreign policy. However, foreign policy must be linked with industrial policy too; and to complete the circle, trade policy must be linked with industrial policy".³ merely increasing the size of the Indian economy to the size of 5 trillion won't make India a developed country. A new approach, combining industrial development, trade and diplomatic policies is necessary to create millions of jobs.

As far as Pakistani angle is concerned, China till date has been much successful in its strategy militarily as well as physically. The real danger lies in here. A stronger China coupled with Pakistani anti-India rhetoric will severely damage our own preparedness. How could we cope with the two-front attack on western and northern sides both, if it really takes place? During 1965 and 1971 wars, China kept a silent stand by not going with Pakistan directly. But all these events are reminiscent of cold war politics. Permutation and combination of the cold war politics did not warranty China to stand with Pakistan. This time we cannot be sure. Let me introduce two hypothetical situations. In the fight against China, Pakistan will, in all probability, jump in war against India. But in the fight against Pakistan, China will never jump in without calculating the pros and cons of its overall impact.

International political scenario will actually decide its action. If US, European and other western countries regularly insist upon the inspection of Wuhan lab and its possible connection of corona origin, then China will be under severe pressure. It will have no other option but to accede to the demands of international community or go for war against it. Actions by the international community are day by day becoming more stringent against China ranging from the ban on Chinese apps to imposing trade sanctions to changing trade policies. India, too, has adopted the same path. In the coming months these stiff and tough measures on the part of various states will crucially decide the fate of possible war with China. Trade war has already started. Actual war will follow suit. In the scenario of actual war, what should be India's strategy. *Keeping tensions confined to Himalayan arena is, therefore, not only militarily advantageous to China but a continental focus also helps to keep India contained in a "South Asia box". To the navalists, this seems all the more reason for India try to shifting the confrontation to 'sea-level', where the asymmetry is in its favour.* Therefore, the twin strategy of 'Malabar and Quad', which originated in 1990's and in the great Asian Tsunami of 2004, is needed to counteract any nefarious design of China. The time for ambivalence is over. Instead of saying by Modi during his speech at Shangri La Dialogue that "India does not see the Indo-Pacific as a strategy... and by no means do we consider it as directed against any country...", a formal revival, expansion and re-invigoration of the Quad is called for. *'While Malabar remains a visible and reassuring symbol of Indo-US-Japanese solidarity, there is a need for the US to recast, along with partners, its Indo-Pacific strategy, which has had no impact on China's unfolding hegemonic master-plan.'*

Four Major General level talks have culminated. Troops engagement in the Galwan area have started going back to its old positions. Despite this, the dragon troops are not going back in finger 5 of Pengong Tsu area. In fact, Chinese policy has always been three steps forward and one step backward. This we have to understand. The old Sino-Indo psychological posture won't be very helpful to us. During his October 2019 visit to Mahabalipuram, Chinese premier Xi Jinping had already assessed the weakening Indian economy. But we failed his intentions and rather did opposite by claiming 2020 going to be the 'Year of India-China Cultural and people to people Exchanges'. But result is diametrically opposite to the avowed one. Now China is almost the undisputed leader of world politics at least in economic sense of the term. Militarily it might still be just behind the US. India-US relations have also developed to a new kind of understanding. Since 2005 with the signing of nuclear deal, US is becoming our natural ally day by day. And, moreover, what options are we left with? In time of crises we can logically see towards the Americans. This time it has stopped all financial aid to WHO also on the pretext of its tacit understanding with China on the issue of corona.

Therefore, the noose is being tightened around China neck. Interestingly, actions of WHO are also putting suspense in the minds of the world.

Whatever situation takes place in the coming months, it will definitely entail the dynamics of Sino-India relationships to a very greater and unbelievable scale. Will ultimately war take place -- either in the form of Sino-India or in the form of third world war?

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