

# New Trends and Challenges in China-India Relations

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**C**hina-India relations have witnessed a gradual shift from “high anticipation” to “mutual disappointment” since Narendra Modi came to power in May 2014. Beginning in 2016, the bilateral relations have entered the “troubled times” and turned chilled, as India has vented its anger on China for its failure to join the Nuclear Suppliers Group (NSG) and its escalating disputes with Pakistan. Although the two sides can still effectively manage their differences, the negative trend in the Sino-Indian relations calls for attention.

## High-Level Interactions and Institutionalized Communication

High-level interactions and institutionalized communication serve as an important guarantee for a stable development of bilateral relations between China and India. When two sides lack sufficient trust, top-level meetings and communication at working levels are of particular importance. The Chinese and Indian leaders, through their meetings, have already laid a foundation for their working friendship and mutual trust, thus providing a possibility for generally stable and improved atmosphere of bilateral relations. At the same time, the consensus reached in top-level interactions also help establish contact mechanisms at working levels, which will further deepen understanding and resolve differences.

Since 2013, the top leaders of China and India have maintained their

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good and frequent interactions. In May 2013, Chinese Premier Li Keqiang made India the first stop in his overseas visit, and in October the same year, then Indian Prime Minister Manmohan Singh visited China. The two countries thus accomplished mutual visits at the prime-minister level within one year. In September 2014, Chinese President Xi Jinping made his first visit to India. In May 2015, Indian Prime Minister Modi also paid his first visit to China. And the “hometown visits” by the two leaders showed that both of them attach great importance to each other and cherish their personal friendship. In addition, the leaders of the two countries have maintained close contacts on multilateral occasions such as the summits of Shanghai Cooperation Organization, BRICS, G20, and the East Asia Summit.

The meeting mechanisms at working levels function smoothly. The foreign ministers’ meetings among China, India and Russia, meetings of special representatives on border issues between China and India, consultation and coordination mechanism on border affairs between China and India, and China-Indian financial dialogues, among other mechanisms, are all carried out smoothly. Some dialogue mechanisms which were “delayed” in the past have been restarted. The 4th China-India strategic economic dialogue was held in India on October 7, 2016, and this was the first strategic economic dialogue between the two countries since Prime Minister Modi came to power. The two sides reviewed and summarized progress made in their cooperation in various working groups, and achieved a series of results. They agreed to continue and strengthen cooperation in fields of policy coordination, infrastructure, high technology, energy saving and environmental protection as well as energy, and to pay more attention to the fields concerning people’s livelihood so as to promote sustainable economic development for the betterment of the two peoples. During the meetings, the two sides signed the Statement of Principles on Capacity Cooperation between China’s National Development and Reform Commission (NDRC) and India’s Transformation Commission, the Action Plan on Internet Cooperation between China’s NDRC and India’s Ministry of Information and Electronics. They also signed 16 project cooperation agreements with the



Chinese President Xi Jinping meets with Indian Prime Minister Narendra Modi on the sideline of the 9th BRICS Summit and the Dialogue of Emerging Market and Developing Countries in Xiamen, China on September 5, 2017.

total value of US\$ 16 billion.<sup>1</sup>

What is more important, China and India have also launched a number of new dialogue mechanisms. In May 2015, China and India established the dialogue mechanism between the Chinese State Council's Development Research Center and the Indian National Transformation Council, and two rounds of dialogues have been conducted respectively in November 2015 and in November 2016. In the second round of dialogue held in India, the two sides discussed three issues concerning the global economic situation, economic transition and structural reform, and China-India economic cooperation in the

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1 "The 4th China-India Strategic Economic Dialogue Held in New Delhi," *People.cn*, October 8, 2016, [http://paper.people.com.cn/rmrb/html/2016-10/08/nw.D110000renmrb\\_20161008\\_4-03.htm](http://paper.people.com.cn/rmrb/html/2016-10/08/nw.D110000renmrb_20161008_4-03.htm).

context of global and regional trade agreements. The dialogue has deepened understanding of the world economic situation and the prospects of bilateral economic cooperation, and has put forward a series of proposals to promote economic ties between the two countries.<sup>2</sup> In February 2016, China and India held their first round of maritime cooperation dialogue, which was the first bilateral dialogue mechanism on maritime affairs. The two sides introduced their respective marine development strategies and perspectives and positions on maritime security situation, agreed to increase their policy coordination and intensify pragmatic cooperation on marine science and technology, naval exchanges, fisheries, shipping and other fields, and committed to the construction of safe and harmonious oceans.<sup>3</sup> In September 2016, China and India held their first security dialogue on anti-terrorism. This mechanism was initiated by India's Home Minister Rajnath Singh during his visit to China in November 2015, with the purpose of establishing a regular consultation mechanism for cooperation in anti-terrorism, cyber security, cross-border crime and drug trafficking. The two sides exchanged views on respective anti-terrorism systems, mechanisms and relevant laws, and held in-depth discussions on specific approaches to anti-terrorism cooperation and common responses to security threats. In this respect, important consensus was reached.<sup>4</sup> As for differences between the two sides on NSG accession, China and India launched the arms control dialogue in 2016 and in September and October they held two consultation meetings on the arms control, and had constructive and substantive exchanges of views on NSG expansion and other commonly concerned arms control issues.<sup>5</sup> In addition, according to the consensus reached at the 14th foreign ministers' meeting among China, Russia and India, the first

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2 "Summary Speech by Zhang Laiming at the 2nd Dialogue between China's State Council Development Research Centre and India's National Transformation Council," Development Research Think Tank of China, November 22, 2016, <http://www.guoyan.com/jl/hz/2016-11-22/7520.html>.

3 "First Marine Cooperation Dialogue Held between China and India," *People.cn*, February 5, 2016, <http://world.people.com.cn/nl/2016/0205/c1002-28113506.html>.

4 "First Anti-Terrorist Security Dialogue Held between China and India," *People.cn*, September 28, 2016, [http://world.people.com.cn/nl/2016/0928/c1002\\_28745132.html](http://world.people.com.cn/nl/2016/0928/c1002_28745132.html).

5 "Arms Control Consultation Held in Beijing between China and India," October 31, 2016, [http://www.fmprc.gov.cn/web/wjbxw\\_673019/t1411584.shtml](http://www.fmprc.gov.cn/web/wjbxw_673019/t1411584.shtml).

consultation on Asia-Pacific affairs was conducted successfully in December 2016. The three sides had in-depth exchange of views on regional situation, respective policies on Asia, the Asia-Pacific security architecture, cooperation in regional multilateral mechanisms, and cooperation in anti-terrorism and other regional hotspot issues. As a result, the three sides have deepened their pragmatic coordination on regional and international issues.

In general, the top-level meetings and working-level communication and dialogue mechanisms between China and India have functioned well. On the one hand, it shows that the two sides have high expectations of stable relations and expanding cooperation. Both countries hope to narrow their differences through communication and consultation, and to maintain the stable and healthy development of bilateral relations. On the other hand, since all new dialogue mechanisms are decided by top-level talks, it shows that the leaders of the two countries have the strategic intention to narrow differences and stabilize the overall relationship through technical-level exchanges. The China-India anti-terrorism security dialogue and the arms control dialogue are two typical examples, while the China-India maritime dialogue and the China-Russia-India consultation on Asia-Pacific affairs were launched in the context of India's increased dialogues on maritime security with the United States, Japan and Australia since Prime Minister Modi came to power.

## **Growing Impact of the Third-Party Factor**

Since the end of the Cold War, China has pursued a South Asia policy by keeping a balance between India and Pakistan. And India has gradually improved its relations with the United States. On all sensitive issues between the two countries, China and India have been pursuing a relatively balanced policy and avoiding any involvement by a third party. However, due to unresolved territorial disputes, posture of competition in the region triggered by their simultaneous rising has become increasingly prominent. This has provided a greater space for the involvement of third parties. Since 2016, India has taken steps that tend to gradually move away from its balancing

principles. And the development of China-Pakistan relations has also been viewed by India as China changing its balance policy in favor of Pakistan.

### **US and Japanese involvement in China-India territorial disputes**

Then Japanese Foreign Minister Fumio Kishida, in his visit to India in January 2015, said the so-called “Arunachal Pradesh” was “the territory of India.”<sup>6</sup> Since 2016, with India’s acquiescence and permissiveness, the United States and Japan began to meddle in Sino-Indian territorial disputes. In April 2016, the US Consul-General in Calcutta told the Indian media that “Arunachal Pradesh” was an “integral part of India.”<sup>7</sup> In September the same year, the Modi government permitted US soldiers to enter “Arunachal Pradesh” to search for remains of American soldiers during WWII. This is quite different from India’s previous practice. The Indian government in 2008 approved the US request, but when China lodged a protest, the operation was hastily concluded in 2009.<sup>8</sup> In October 2016, the US Ambassador to India Richard Verma flew “unprecedentedly” to the disputed Tawang region<sup>9</sup> to “attend local festival events.” Although the Indian spokesperson for the Ministry of External Affairs claimed it as just a “sightseeing trip” which is “nothing unusual,”<sup>10</sup> yet the American action does look unusual to China-India relations. India’s Minister of State for Home Affairs Kiren Rijiju accompanied the US Ambassador in his visit to the

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6 The so-called “Arunachal Pradesh” is roughly equal to the South Tibet region as China claims. The region is currently under Indian actual control. In 1987, India illegally established the “Arunachal Pradesh,” which the Chinese government has never recognized.

7 “Arunachal Pradesh Integral Part of India, Says US Consul General Craig Hall,” *The Economic Times*, April 29, 2016, <http://economictimes.indiatimes.com/news/politics-and-nation/arunachal-pradesh-integral-part-of-india-says-us-consul-general-craig-hall/articleshow/52033358.cms>.

8 “India, China Clash over US Ambassador’s Visit to Tawang,” *The Wire*, October 24, 2016, <http://thewire.in/75591/india-china-clash-over-us-ambassadors-visit-to-tawang>.

9 The Tawang region belongs to Cona County in Shannan Prefecture, Tibet. It is an important political and religious center in South Tibet. Tawang has been part of Chinese territory since the ancient times. In February 1951, Indian soldiers invaded and occupied Tawang. Though the Chinese army recovered Tawang during the China-Indian border war in 1962, China took the initiative to withdraw in January 1963 and the Indian army took Tawang again. At present the area is under India’s actual control.

10 “India Slams China for Objecting to US Envoy’s Arunachal Visit,” *The Indian Express*, October 24, 2016, <http://indianexpress.com/article/india/india-news-india/india-slams-china-for-objecting-to-us-envoys-arunachal-visit-3100475>.

disputed area, and this apparently could not take place without permission or acquiescence from the Indian government.

At the same time, India has resorted to play the “Dalai Lama card.” In October 2016, Pema Khandu, Chief Executive of the so-called “Arunachal Pradesh,” met with Dalai Lama in New Delhi and invited him to visit the Tawang area in 2017. The spokesperson for the External Affairs Ministry claimed that Dalai Lama is “India’s guest” and he is “free to travel anywhere.”<sup>11</sup> In response, the spokesperson for China’s Foreign Ministry stated that “India knows full well the severity of the Dalai issue and the sensitivity of the China-India boundary question. To invite the 14th Dalai Lama to the disputed areas under such circumstances will only damage peace and stability of the border areas and bilateral relations.”<sup>12</sup> Despite repeated warnings by the Chinese side, India insisted on inviting Dalai Lama to visit the disputed area. In April 2017, Dalai Lama began his visit to the so-called “Arunachal Pradesh,” and he was accompanied by Minister of State for Home Affairs Rijiju who said that “China cannot interfere in India’s internal affairs.” In response, the Chinese Foreign Ministry spokesperson pointed out solemnly that “The Chinese side holds a consistent and clear position on the eastern section of the China-India boundary. The Indian side knows well the role of the 14th Dalai Lama. Arranging his activities in this sensitive area where China and India have territorial disputes not only violates India’s commitment on Tibet-related issues, but also fuels the border dispute. It runs counter to the sound momentum of the development of bilateral relations and will do no good to the Indian side.” The spokesperson also declared that “The Chinese side will take necessary means to defend its territorial sovereignty and legitimate rights and interests.”<sup>13</sup> On April 14,

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*The posture of competition in the region triggered by the simultaneous rising of China and India has provided a greater space for the involvement of third parties.*

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11 “India Slams China for Objecting to US Envoy’s Arunachal Visit.”

12 “Foreign Ministry Spokesperson Lu Kang’s Regular Press Conference on October 28, 2016,” October 28, 2016, [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2511\\_665403/t1411259.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1411259.shtml).

13 “Foreign Ministry Spokesperson Hua Chunying’s Regular Press Conference on April 5, 2017,” April 5, 2017, [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2511\\_665403/t1451507.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1451507.shtml).

Chinese Ministry of Civil Affairs announced six additional names in the South Tibet region.<sup>14</sup> This was regarded by India as China's counter-measures against India's permission to Dalai Lama's visit to sensitive areas.

India's "connivance" to Dalai Lama has violated its political commitment to China on Tibet-related issues and smashed important consensus reached by the two sides on the border issue. Acquiescence of the meddling by the United States and Japan on sensitive issues between China and India, in fact, is to internationalize the China-India boundary issue, which will only make it more complicated.

### **Impact of the Pakistan factor**

Since Modi assumed office, the bilateral ties between India and Pakistan have been souring. Modi's surprise visit to Pakistan in December 2015 has brought hope to an improvement in India-Pakistan relations. However, in January and September 2016, the India-controlled Kashmir region was twice attacked by terrorists, and India accused Pakistan of masterminding the attacks. During that time, large-scale anti-government protests erupted, and anti-India sentiments spread further in the region, bringing severe tensions between India and Pakistan. Pakistan considers all this as India's conspiracy to deliberately discredit Pakistan and shift the attention of the international community from the situation in India-controlled Kashmir. India and Pakistan were at heated disputes in the United Nations on the issue of terrorism. As India came up to China for help and hoped China would put pressures on Pakistan, the differences between the China and India on anti-terrorism once again become prominent.

Actually, contradiction between China and India on the issue has appeared in 2015. Pakistan's release of Zakiur Rehman Lakhvi, a suspect in the 2008 Mumbai terrorist attack, has resulted in India's strong dissatisfaction. In June,

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14 The South Tibet region refers in particular to the area illegally occupied by India in the eastern section of the China-India boundary. The area is the part of Shannan and Nyingchi prefectures in the southern side of the Himalaya Mountains and the southeastern part of the Tibet Autonomous Region, including most claimed territories of Cona, Lhunze, Metok and Zayu counties of the Tibet Autonomous region.

India requested the United Nations Security Council to impose sanctions on Pakistan in accordance with the UN Security Council Resolution 1267. China did not agree with India's proposal due to "lack of information provided by India." In 2016, China put hold more than once India's proposal to include Masood Azhar, leader of Jaish-e-Mohammed, in the UN Security Council's sanction list. Many Indians thus have a perception that China "indirectly supports or connivances" Pakistan, and that a China-Pakistan "axis" hostile to India has been formed. They criticize China to hold a "double standard" on the issue of terrorism. China holds the view that "Both India and Pakistan are victims of terrorism. The international community should respect the enormous efforts and sacrifices made by Pakistan in fighting terrorism."<sup>15</sup> However, this view is not shared by India. In September 2016, China and India held their first anti-terrorism security dialogue in Beijing, which was followed by another round of talks in New Delhi. But the dialogue's outcome was still a far cry from India's expectations.

The building of the China-Pakistan Economic Corridor has also become an important factor affecting Sino-Indian relations. India does not feel comfortable to the ongoing construction of the China-Pakistan Economic Corridor, and has given repeated warnings that the Corridor violated India's "sovereignty." In January 2017, at the 2nd Raisina Dialogue, which is known as "India's Shangri-La Dialogue," Prime Minister Modi stated that "Only by respecting the sovereignty of countries involved, can regional connectivity corridors fulfill their promise and avoid differences and discord," and that "It is not unnatural for two large neighboring powers [China and India] to have some differences. In the management of our relationship, and for peace and progress in the region, both our countries need to show sensitivity and respect for each other's core concerns and interests."<sup>16</sup> On the eve of the Belt and Road Forum for International Cooperation held in Beijing in May, India's spokesperson for the Ministry of

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15 "Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on October 17, 2016," October 17, 2016, [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2511\\_665403/t1406504.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1406504.shtml).

16 "Inaugural Address by Prime Minister at Second Raisina Dialogue," January 17, 2017, [http://www.mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural\\_Address\\_by\\_Prime\\_Minister\\_at\\_Second\\_Raisina\\_Dialogue\\_New\\_Delhi\\_January\\_17\\_2017](http://www.mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural_Address_by_Prime_Minister_at_Second_Raisina_Dialogue_New_Delhi_January_17_2017).

External Affairs for the first time clarified India's position on the Belt and Road Initiative (BRI), as he said that India is "of firm belief that connectivity initiatives must be based on universally recognized international norms, good governance, rule of law, openness, transparency and equality. Connectivity initiatives must ...avoid projects that would create unsustainable debt burden for communities; balanced ecological and environmental protection and preservation standards; transparent assessment of project costs; and skill and technology transfer to help long term running and maintenance of the assets." More importantly, "Connectivity projects must be pursued in a manner that respects sovereignty and territorial integrity." All what he said implies that the BRI has deficiencies in the above-mentioned areas. The statement also asserted that "Regarding the so-called 'China-Pakistan Economic Corridor', which is being projected as the flagship project of the BRI, the international community is well aware of India's position. No country can accept a project that ignores its core concerns on sovereignty and territorial integrity," and India has "been urging China to engage in a meaningful dialogue on its connectivity initiative," "waiting for a positive response from the Chinese side."<sup>17</sup>

To sum up, tensions between India and Pakistan, especially divergences on counter-terrorism issues, have gradually spilled into the development of China-Indian relations. The building of the China-Pakistan Economic Corridor has evolved to become a "problem" between China and India.

## **Increasing Pragmatism and Toughness in India's China Policy**

The Modi government enjoys a strong position at home and faces a good external development environment, thus becoming more self-confident in its diplomatic dealing with China. India's assertiveness to speak loud on China's major interests and concerns are highlighted in its attitude on the South China Sea issue. On specific issues where the two sides have disputes,

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17 "Official Spokesperson's Response to A Query on Participation of India in OBOR/BRI Forum," May 13, 2017, [http://www.mea.gov.in/media-briefings.htm?dtl/28463/Official\\_Spokespersons\\_response\\_to\\_a\\_query\\_on\\_participation\\_of\\_India\\_in\\_OBORBRI\\_Forum](http://www.mea.gov.in/media-briefings.htm?dtl/28463/Official_Spokespersons_response_to_a_query_on_participation_of_India_in_OBORBRI_Forum).

especially on India's NSG accession in 2016, India puts pressures on China, and shows an increasingly tough posture in its China policy.

### **Pragmatic attitude on South China Sea**

In the past, India maintained moderately restraint on the South China Sea issue. Since Narendra Modi came to power, India has got itself more involved in the issue: speaking loudly together with the United States, Japan and Vietnam, elaborating its own perspective of the issue on multilateral occasions, and establishing maritime security dialogue mechanisms with the US, Japan and Australia to seek common interests on the South China Sea issue. India has also been strengthening maritime policy coordination to explore the possibility of joint maritime operations. All these have shown India's attempt to cooperate with the US, Japan and others to counter-balance China on maritime security issues.

India's position on the South China Sea issue is an epitome of its pragmatic diplomacy, which can be seen in its vacillation in 2016. In April 2016, India supported China's "dual-track" approach on the South China Sea issue in the Joint Communiqué of the 14th China-Russia-India foreign ministers' meeting, which said that "Russia, India and China are committed to maintaining a legal order for the seas and oceans based on the principles of international law, as reflected notably in the UN Convention on the Law of Sea (UNCLOS). All related disputes should be addressed through negotiations and agreements between the parties concerned. In this regard the Ministers called for full respect of all provisions of UNCLOS, as well as the Declaration on the Conduct of Parties in the South China Sea (DOC) and the Guidelines for the implementation of the DOC."<sup>18</sup> In June, Prime Minister Modi did not touch on the South China Sea issue during his visit to the United States. However, as India's accession to the NSG suffered a setback at the Seoul meeting, India's position on the South China Sea issue

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18 "Joint Communiqué of the 14th Meeting of the Foreign Ministers of the Russian Federation, the Republic of India and the People's Republic of China," April 19, 2016, [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1356652.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1356652.shtml).

changed significantly. In July, the Indian External Affairs Ministry issued a statement after the award of the arbitral tribunal on the South China Sea, saying that “India urges all parties to show utmost respect for the UNCLOS, which establishes the international legal order of the seas and oceans.”<sup>19</sup> In August, the Indian Oil and Gas Company, without any finding of oil and gas resources, started the 4th exploration period with Vietnam in Block 128 in the disputed area of the South China Sea, and the new contract was extended to June 2017. During Prime Minister Modi’s visit to Vietnam in September, the two countries issued a statement that acknowledges the award of the arbitral tribunal.<sup>20</sup> In November 2016, Prime Minister Modi paid a visit to Japan, and the two sides have shown certain attitude changes in their joint statement, reaffirming India’s statement after the arbitral tribunal’s award, yet reframing from explicitly mentioning the so-called “ruling” by the arbitral tribunal on July 12.<sup>21</sup> Obviously, this was directly related to policy changes taken by President Rodrigo Duterte of the Philippines.

It can be seen that India’s attitude on the South China Sea issue depends mainly on the development of Sino-Indian relations. India makes the South China Sea issue as a chip to bargain with China for a swap of interests on its NSG accession. This is a clear manifestation of India’s pragmatic diplomacy.

### **Tough position on NSG accession**

India cherishes persistent enthusiasm for its accession to the NSG. After Prime Minister Modi paid his first visit to the United States in September 2014, the two countries indicated in a joint statement that “As a critical step in strengthening global nonproliferation and export control regimes,

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19 “Statement on Award of Arbitral Tribunal on South China Sea under Annexure VII of UNCLOS,” July 12, 2016, [http://www.mea.gov.in/press-releases.htm?dtl/27019/Statement\\_on\\_Award\\_of\\_Arbitral\\_Tribunal\\_on\\_South\\_China\\_Sea\\_Under\\_Annexure\\_VII\\_of\\_UNCLOS](http://www.mea.gov.in/press-releases.htm?dtl/27019/Statement_on_Award_of_Arbitral_Tribunal_on_South_China_Sea_Under_Annexure_VII_of_UNCLOS).

20 “Joint Statement between India and Vietnam during the Visit of Prime Minister to Vietnam,” September 3, 2016, <http://www.mea.gov.in/bilateral-documents.htm?dtl/27362/Joint+Statement+between+India+and+Vietnam+during+the+visit+of+Prime+Minister+to+Vietnam>.

21 “India-Japan Joint Statement during the Visit of Prime Minister to Japan,” November 11, 2016, [http://mea.gov.in/bilateral-documents.htm?dtl/27599/IndiaJapan\\_Joint\\_Statement\\_during\\_the\\_visit\\_of\\_Prime\\_Minister\\_to\\_Japan](http://mea.gov.in/bilateral-documents.htm?dtl/27599/IndiaJapan_Joint_Statement_during_the_visit_of_Prime_Minister_to_Japan).

President Obama and Prime Minister committed to continue work towards India's phased entry into the Nuclear Suppliers Group (NSG), the Missile Technology Control Regime (MTCR), the Wassenaar Arrangement and the Australia Group." President Obama affirmed that "India meets MTCR requirements and is ready for membership in the NSG" and "supported India's early application and eventual membership in all four regimes."<sup>22</sup> With strong support from the US, India submitted its application to the NSG in May 2016, and then carried out high-profile publicity campaigns both at home and abroad. Prime Minister Modi picked up Switzerland and Mexico for a visit right before the Seoul meeting to seek for the two countries' support. He even called Russian President Putin and asked for Russia's lobbying with China. However, the Indian accession issue was simply not listed into the agenda of the NSG Seoul meeting.

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China advocates addressing India's accession to the NSG through a two-step approach, first exploring and reaching a non-discriminatory solution that applies to all non-NPT parties on the basis of impartiality, then proceeding to discuss non-NPT parties' application to the NSG. But in India's view, China's two-step approach in fact set up an obstacle against India, as China linked the decision to accept India or not with the accession of Pakistan, who submitted the application at the same time as India. In order to exchange views and coordinate respective positions on the issue, in September 2016, China and India held a consultation on arms control in New Delhi, yet big differences between the two sides remain unresolved. In November, the NSG held a meeting in Vienna, during which the technical, legal and political aspects of the admission of non-NPT countries were discussed. This meeting was a good start of the inter-governmental process to implement the two-step proposal. China "supports the NSG in continuing

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22 The White House (President Barack Obama), "U.S.-India Joint Statement," September 30, 2014, <https://obamawhitehouse.archives.gov/the-press-office/2014/09/30/us-india-joint-statement>.

with this open and transparent inter-governmental process, following the rules of the NSG, and taking a correct and solid first step so that a solution can be found and agreed upon at an early date.”<sup>23</sup> This means that China’s approach of “principle first, specific cases second” has been widely supported.

After repeated setbacks, anti-China demonstrations erupted in India. There were even voices on India’s social media in October 2016 to boycott Chinese goods during the Diwali period. Among them, there were top leaders from the Bharatiya Janata Party to which Prime Minister Modi belongs, and senior officials from the Haryana State which had worked hard to attract Chinese investment.<sup>24</sup> It is noteworthy that in the course of the NSG accession issue, the Indian side did not take into account the rationality of the Chinese position and blamed on China after its setback. Manoj Joshi from India’s Observer Research Foundation pointed out prior to the NSG Seoul meeting that the Modi government had expressed India’s position in a high-profile manner that to some extent humiliated Beijing. He criticized the Modi government for not offering any favor to China, but rather showing to Beijing an increasingly assertive India.<sup>25</sup>

In general, the Modi government has pursued a more pragmatic China policy, and is good at swap of interests and linkage of different demands. Compared with the previous Singh government, Modi is likely to adopt a tougher posture when he cannot get what he wants. These two changes have brought real challenges to China’s diplomacy towards India.

## Challenges to China-India Relations

Positive and negative aspects coexist in the current China-India relations.

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23 “Foreign Ministry Spokesperson Geng Shuang’s Regular Press Conference on November 15, 2016,” November 15, 2016, [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2511\\_665403/t1415634.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1415634.shtml).

24 Ashok Swain, “This Diwali Is Special, Modi Breaking India-China Ties,” October 29, 2016, <http://www.dailyo.in/politics/india-china-pakistan-cpec-nsg-ties-uri-attacks-diplomatic-failure/story/1/13720.html>.

25 Manoj Joshi, “NSG: India Needs a Balanced ‘Give-and-Take’ Relationship with China,” June 20, 2016, <http://www.orfonline.org/research/nsg-india-needs-a-balanced-give-and-take-relationship-with-china>.

The positive leading roles played by the leaders of the two countries as well as policy communication at working levels have provided basis for the stability of bilateral relations, while the involvement of third parties and changes in India's China policy are eroding the steady development of ties. The underlying reason for the new trends in India's China policy is the low strategic trust between the two countries, yet the direct reason lies in the Modi government's drifting away from a balanced major-country diplomacy. India gets closer to the United States and Japan, and in particular develops its defense relations with the United States, providing a basis for India's tough posture towards China. Moreover, China and India still need to coordinate their foreign policies, so that the two sides will reach their respective reasonable expectations.

India's breakthrough in its defense cooperation with the United States has made it more confident in its China policy and show a stronger posture when dealing with China. During a visit to India by then US Defense Secretary Ash Carter in April 2016, the two sides reached in principle the Military Logistics Support Agreement, which was officially signed later during then Indian Defense Minister Manohar Parrikar's visit to Washington. The agreement allows the two armies to use military bases of the other side for logistics operations, showing a "quasi-allies" nature in their defense cooperation. In June the same year, Prime Minister Modi made a speech in the US Congress, saying that "More than fifteen years ago, Prime Minister of India, Atal Bihari Vajpayee stood here and gave a call to step out of the 'shadow of hesitation' of the past. The pages of our friendship since then tell a remarkable story. Today, our relationship has overcome the hesitations of history."<sup>26</sup> During the visit, the two countries, in a joint statement, pointed out that "the United States and India should look to each other as priority partners in the Asia-Pacific and the Indian Ocean region", "the United States hereby recognizes India as a Major Defense Partner, and the United States

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26 "Shedding 'Hesitations of History', PM Modi Points to Future in His Address to US Congress," *The Indian Express*, June 9, 2016, <http://indianexpress.com/article/india/india-news-india/narendra-modi-us-congress-address-terrorism-obama-updates-2842200>.

will continue to work toward facilitating technology sharing with India to a level commensurate with that of its closest allies and partners, and expand the co-production and co-development of technologies under the Defense Technology and Trade Initiative (DTTI).<sup>27</sup> In this way, India can easily access large numbers of American dual-use technologies without being subject to patent rights.

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*China and India need to treat their relations again with strategic visions. Only by so doing could they get a clear view of the basis for bilateral relations.*

India has a misjudgment of China's diplomatic need for itself, which is mainly reflected on the South China Sea issue. In August 2016, when Chinese Foreign Minister Wang Yi visited India, the Indian media generally regarded the trip as China seeking India "not taking sides" on the South China Sea issue. However, India

overestimated its influence on the issue, and also overvalued the "South China Sea card" as a bargaining chip in its diplomacy towards China.

The current negative situation in China-India relations has undoubtedly posed challenges to China's diplomacy. How to cope with a more pragmatic and increasingly "self-confident" India, so as to maintain a healthy and stable development of bilateral relations, will be a test to China's strategic composure and wisdom. At the same time, we should also realize that China-India relations would inevitably experience an adapting period after the new leadership takes office, so that leaders of the two countries could have a deeper understanding of their diplomatic divergences and respective concerns. India's traditional diplomacy focuses on realistic needs, and is not good at treating the overall China-India relations with a strategic vision and posture. Prime Minister Modi's diplomacy towards China has made the two sides see their differences, and this will help the two countries adapt to each other in their diplomacy, and rationalize their respective expectations on the other side.

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27 "India-US Joint Statement during the Visit of Prime Minister to USA," June 7, 2016, <http://www.mea.gov.in/outgoing-visit-detail.htm?26879/IndiaUS+Joint+Statement+during+the+visit+of+Prime+Minister+to+USA+The+United+States+and+India+Enduring+Global+Partners+in+the+21st+Century>.

For China, India is a country different from the US and Japan. China-India relations are also different from China's relations with the US or with Japan. China and India need to treat their relations again with strategic visions. Only by so doing could they get a clear view of the basis for bilateral relations. The Modi government, soon after taking office, signed strategic documents with the United States, Japan and Russia, thus clarifying the position of their relations. Likewise, in the face of an evolving situation, China and India should evaluate their joint interests and position in their respective global and regional strategies, and exchange views on their respective strategic thinking. A clear-cut understanding of strategic intentions and policies helps the two countries accommodate each other and resolve differences. And this process depends on the two countries to go in parallel and make concerted efforts.

The United States is the biggest uncertainty in the evolving China-India relations. As Raja Mohan, a well-known strategist from India, pointed out, President Trump's dealing with Russia, China, Japan, Pakistan and other countries would all have important impact on India. Changes in American global strategy will impel India to make policy adjustments accordingly, and even to redesign its national strategy.<sup>28</sup> Indian strategic observers generally feel uncertain about President Trump's policy towards India. Since Trump came to power, he has brought new momentum to China-US-India triangular relationship. The Mar-a-Lago meeting between Chinese and US leaders has put Sino-American ties on a solid and stable basis, which is surely seen by India. With India joining the Shanghai Cooperation Organization, there are increased positive factors for the development of China-India relations. Under the proactive guidance from both sides, the bilateral relations are expected to reverse the downward trend and achieve fresh development. 

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28 C. Raja Mohan, "How Should New Delhi Read the Donald in White House," *The Indian Express*, November 10, 2016, <http://indianexpress.com/article/india/india-news-india/donald-trump-win-hillary-clinton-us-elections-india-us-relations-obama-modi-new-delhi-4367275>.