

China-India Brief

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Guest Column

China and India: A Return to Fundamentals

By Zhiqun Zhu

On January 20, 1946, Jawaharlal Nehru remarked in a meeting with Chinese journalist **Paul Feng** that, “if China and India hold together, the future of Asia is assured.” Nearly eight decades later, these words still ring true, highlighting the enduring significance and far-reaching impact of the India-China relationship.

India-China relations have experienced their share of ups and downs. The 1950s marked a golden era of bilateral ties, epitomised by the slogan ‘Hindi Chini Bhai Bhai’ (Indians and Chinese are brothers). However, the 1962 border war cast a long shadow over the relationship. The Line of Actual

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The *China-India Brief* is a monthly digest focusing on the relationship between Asia’s two biggest powers. The Brief provides readers with a key summary of current news articles, reports, analyses, commentaries, and journal articles published in English on the China-India relationship. It features a Guest Column weighing in on key current issues in China-India relations.

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Control (LAC), which demarcates the Indian- and Chinese-controlled territories in the disputed areas, remains a source of contention, as it has never been fully recognised by either side. The unresolved border, along with unilateral attempts to alter the status quo and frequent intrusions across the LAC, continues to strain relations and fuel tensions along the border.

India-China relations took a sharp downturn following the bloody border clash in the Galwan Valley in 2020, with both sides accusing the other of being the aggressor. Tensions have been further exacerbated by Beijing's unhappiness with India's involvement in the United States (US)-led Quadrilateral Security Dialogue (or Quad)—widely seen as an anti-China coalition—and New Delhi's frustration over China's increasing influence in South Asia, a region India considers its sphere of influence. Contributing to the mistrust has been the absence of regular engagement between Indian Prime Minister Narendra Modi and Chinese President Xi Jinping, whose last meeting was in 2019 during the latter's visit to India.

Despite the decades-old border dispute, it is remarkable that the two countries have managed to exercise restraint and avoided escalating their dispute into outright conflict.

In October 2024, a turning point emerged when both President Xi and Prime Minister Narendra Modi attended the BRICS summit in Russia. Their **first meeting** in over five years was friendly and productive, signaling

a fresh start for bilateral relations and carrying much geopolitical significance.

First, the two countries appear ready to return to the fundamentals of their relationship. As the two largest developing nations, they share many common interests, chief among them is the pursuit of continued growth to achieve developed-nation status by the mid-twenty-first century.

The longstanding border dispute has hampered bilateral cooperation and needs to be carefully managed. Since 2020, the two countries have conducted **numerous rounds of consultations** to stabilise the border, narrowing differences, expanding areas of consensus, and building on the results of negotiations—reflecting their shared commitment to resolving their disputes peacefully.

In the lead-up to the Modi-Xi summit in Russia, the two countries announced a patrolling agreement aimed at reducing tensions along the border. This pragmatic handling of the border issue not only paved the way for the summit but also laid the foundation for a renewed and constructive relationship.

Second, both China and India support a **multipolar system** in which the Global South will have a greater presence and a stronger voice.

As members of BRICS, the Shanghai Cooperation Organisation, and the Asian Infrastructure Investment Bank, both China and India participate in platforms that offer



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alternatives to the West-dominated international system. These initiatives have contributed to a more diverse and inclusive global political economy, with India and China playing constructive leadership roles in this transformation.

Third, the close relationships both Xi and Modi maintain with President Vladimir Putin highlight the challenges West continues to face in its strategy to isolate Russia.

NATO and Russia are trapped in a classic 'security dilemma,' where actions taken to enhance one side's security are perceived as threats by the other. Addressing each other's security concerns is essential for countries to live peacefully. The Western mentality of 'zero-sum' competition does not resonate well with many developing countries, who benefit from, and continue to support 'win-win' cooperation in today's globalised world.

Fourth, as India-China relations show signs of improvement, the US may face challenges in implementing its **Indo-Pacific strategy**.

A cornerstone of the US Indo-Pacific strategy has been to elevate India's role in countering China's growing power. However, India has historically been reluctant to directly confront China, despite its concerns about its neighbour's growing influence and assertiveness.

Unlike Japan and Australia, which are formal US allies and closely aligned with Washington's strategic goals, India is often regarded as the weakest link and least committed member of the Quad. Its long-standing policy of non-alignment makes it cautious about becoming too closely involved with any major power bloc. Hence, while its participation in the Quad has enhanced its global profile, questions persist about India's commitment to the group and

whether closer alignment with the US and its allies to counter China serves its broader strategic interests. Going forward, India is likely to remain a Quad member and a US partner, but will also pursue deeper economic collaboration with China in areas such as trade, investment, manufacturing, green energy, electric vehicles, to maximise economic benefits. Washington needs to be prepared for a less enthusiastic India, which could dilute the Quad's overall effectiveness.

While the recent border agreement and the Modi-Xi summit offer hope for a thaw in bilateral relations, it would be premature, and even naïve, to believe that India-China relations will remain free of problems and stay warm. The relationship remains fragile, requiring sustained nurturing due to a lack of trust and strong nationalist sentiments on both sides.

India and China must remain clear-eyed about their fundamental interests. While they are engaged in economic and strategic competition, healthy competition can drive mutual progress, as 'a rising tide lifts all boats.' Building on the momentum of the recent border patrol agreement, the two countries should focus on advancing their common interests through greater cooperation.

As two major growth engines and manufacturing giants in the global economy, India and China have huge potential to expand collaboration in trade, investment, and research and development. According to the **Indian Embassy in China**,

from 2016 to 2023, bilateral trade grew by 66.38 percent, with an average yearly growth of 9.48 percent. Trade volume rose from USD 69 billion in 2016 to surpass USD 100 billion for the first time in 2021, and remaining above USD 110 billion in both 2022 and 2023. With expanding middle classes in both countries, demand for imports is set to grow, further enhancing opportunities for economic cooperation.

However, India's trade deficit with China has been steadily increasing and must be carefully addressed. The widening trade imbalance can be attributed to **two factors**: the limited range of commodities that India exports to China, and market access barriers faced by Indian products especially in competitive sectors, such as pharmaceuticals and information technology. Viewed optimistically, these challenges could present opportunities. Collaborative efforts to address the trade imbalance could pave the way for more Indian goods and services to enter the Chinese market, increasing the total trade volume while simultaneously reducing India's trade deficit.

People-to-people exchanges between the two neighbors have been significantly disrupted in recent years due to growing tensions and the COVID-19 pandemic. As the two countries work to reset and strengthen their relationship, the time is ripe to resume and promote tourism, as well as cultural and educational exchanges.

In this turbulent world plagued by wars and conflicts, both India and China must recognise that their fundamental interests of continued economic development and national security are best served through friendly cooperation and healthy competition.

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