



Indo-China Relations in the 21st Century: Challenges and Opportunities

Kalipadha Debnath, Research Scholar, Department of Arts (Political Science), Mangalayatan University, Aligarh, U.P, India

Abstract

Indo-China relations in the 21st century are defined by a complex combination of historical conflicts, economic interdependence, geopolitical competitiveness, and diplomatic engagements. As two of the greatest economies and major global powers, India and China share both potential for collaboration and severe difficulties that hamper their bilateral ties. Key areas of conflict include unresolved border disputes, commercial disparities, maritime security concerns, and ideological differences. Border tensions, especially in Aksai Chin and Arunachal Pradesh, have resulted in several military standoffs, including the Doklam (2017) and Galwan Valley (2020) incidents, exacerbating diplomatic relations. Notwithstanding these challenges, economic cooperation offers a significant opportunity for engagement. China continues to be India's foremost commercial partner, and fortifying trade accords while mitigating trade deficits could bolster economic relations. Moreover, international institutions such as BRICS, the Shanghai Cooperation Organisation (SCO), and the G-20 provide opportunities for discourse and cooperation on global challenges including climate change, counter-terrorism, and economic development. Maritime rivalry in the Indo-Pacific is significant, as India endeavours to counterbalance China's Belt and Road Initiative (BRI) through strategic alliances. The trajectory of Indo-China relations will hinge on diplomatic negotiations, confidence-building initiatives, and reciprocal trust. An equitable strategy emphasising both competition and collaboration will be crucial in establishing a stable and constructive Indo-China relationship in the 21st century.

Keywords: Border Disputes, Economic Cooperation, Strategic Rivalry, Multilateral, Diplomacy

Introduction

India and China, among the world's most ancient civilisations, have a prolonged history of cultural, economic, and political exchanges. In the 21st century, their relationship has grown increasingly intricate, influenced by economic interdependence, strategic competition, and geopolitical factors. As two of the most rapidly expanding economies and prominent global



powers, Indo-China relations possess considerable ramifications for both regional and global stability. Despite significant opportunities for collaboration, difficulties including border conflicts, trade disparities, and geopolitical rivalry persistently obstruct bilateral relations. This essay examines the problems and potential in 21st-century Indo-China relations.

Objectives

1. To analyse the historical framework of Indo-China ties and its influence on current dynamics.
2. To examine the principal obstacles impacting bilateral relations between India and China.
3. To investigate prospects for collaboration and reciprocal development.
4. To evaluate the future prospects of Indo-China relations within the changing global framework.

Methodology

This study utilises a qualitative methodology, examining secondary data from scholarly journals, governmental reports, policy documents, and expert evaluations. The study includes a historical overview, economic evaluation, and strategic analysis to offer a thorough knowledge of Indo-China ties in the 21st century. Data interpretation is performed by comparison analysis and case studies of pivotal events affecting bilateral relations.

Analysis and Interpretation

Challenges in Indo-China Relations

A. Border Disputes and Military Tensions

1. Border Disputes and the 1962 Conflict

The biggest clash between India and China occurred during the 1962 war. China asserted ownership of the Aksai Chin region, which India regards as part of Ladakh, whilst India claimed Arunachal Pradesh, which China designates as South Tibet. The conflict culminated in a Chinese triumph and inflicted profound damage on bilateral ties. The border dispute persists, characterised by intermittent tensions and military confrontations.

2. Doklam Standoff (2017)



In 2017, a military confrontation transpired in Doklam, a tri-junction among India, China, and Bhutan. China endeavoured to build a road in the contested region, which India contested because of its strategic closeness to the Siliguri Corridor (India's "Chicken's Neck" connecting the northeast to the mainland). Following months of hostility, both parties retreated, however the incident highlighted reciprocal distrust.

3. Galwan Valley Confrontation (2020)

In June 2020, one of the most lethal wars in decades transpired in the Galwan Valley, as Chinese and Indian forces engaged in brutal hand-to-hand fighting, leading to fatalities on both sides. The confrontation escalated tensions, resulting in military accumulation and strained diplomatic ties.

B. Economic Imbalance

The economic interactions between India and China have been a crucial element of their bilateral relations in the 21st century. Although commerce between the two nations has increased significantly, it continues to be markedly uneven, with India experiencing a considerable trade deficit. This income disparity is a significant challenge in their relationship.

1. Trade Deficit and Its Consequences

India's trade deficit with China has been a persistent concern, characterised by imports from China substantially surpassing exports. In 2022-23, India's imports from China exceeded \$100 billion, although its exports were far lower. This trade deficit exerts pressure on India's local industry and heightens reliance on Chinese products. The principal sectors impacted by this disparity encompass: Electronics and Machinery: India predominantly imports its smart phones, semiconductors, and industrial machinery from China. The Indian pharmaceutical sector is significantly dependent on China for a substantial share of its active pharmaceutical ingredients (APIs).

2. India's Initiatives to Mitigate Economic Dependence

In response to the escalating trade deficit and economic reliance, India has implemented various measures: The Aatmanirbhar Bharat Initiative: The Indian government has initiated the "self-reliant India" effort to enhance domestic manufacturing and diminish dependence on Chinese imports. India has implemented elevated tariffs on Chinese products and limited the importation of non-essential commodities to promote domestic manufacturing. Advancement of Domestic



Industries: Initiatives like "Make in India" seek to bolster local industries in sectors predominantly influenced by Chinese imports, such as electronics and medicines.

3. Limitations on Chinese Investments

In reaction to security apprehensions and economic disparities, India has enacted limitations on Chinese investments: Foreign Direct Investment Regulations: India has revised its Foreign Direct Investment (FDI) policy, mandating government authorisation for ventures from adjacent nations, especially China. Prohibition of Chinese Applications: In 2020, India prohibited more than 200 Chinese applications, including TikTok and WeChat, due to data security apprehensions. This action also functioned as a countermeasure to China's expanding digital influence in India.

C. Strategic Rivalry in the Indo-Pacific

India and China, as two ascendant global powers, possess conflicting strategic interests in the Indo-Pacific area. This rivalry is influenced by geopolitical aspirations, military proliferation, and economic might. The Indo-Pacific has emerged as a crucial domain for power projection, with India collaborating with similar democracies to mitigate China's increasing aggression.

1. India's Strategic Involvement in the Indo-Pacific

India has implemented various measures to bolster its presence in the Indo-Pacific and safeguard its strategic interests.

The Quadrilateral Security Dialogue (Quad): The Quad, consisting of India, the United States, Japan, and Australia, is a strategic coalition designed to uphold a free, open, and rules-based Indo-Pacific region. India's involvement in the Quad is perceived as a strategic response to China's expanding influence, especially in the South China Sea and the Indian Ocean. The Quad emphasises security collaboration, joint military drills, infrastructural

Efforts and programs like vaccination diplomacy.

Indian Naval Expansion: India is modernising its navy to enhance maritime security, especially in the Indian Ocean. The advancement of aircraft carriers (INS Vikrant), submarines, and sophisticated warships bolsters India's capacity to address prospective Chinese naval threats. India has fortified its military alliances with regional nations such as Vietnam, Indonesia, and the Philippines.

India's Act East Policy seeks to enhance economic and strategic relations with ASEAN countries, Japan, and Australia. Enhanced engagement with nations such as Vietnam and the



Philippines enables India to broaden its strategic influence and mitigate China's supremacy in the area.

2. The Expansion of China's Influence in the Indo-Pacific

China has markedly strengthened its influence in the Indo-Pacific by economic investments, military development, and strategic alliances.

The Belt and Road Initiative (BRI) is a comprehensive infrastructure and investment endeavour initiated by China, extending across Asia, Africa, and Europe. Although the Belt and Road Initiative seeks to enhance connectivity, numerous countries, including India, perceive it as a strategy for China to augment its geopolitical dominance. Numerous BRI-funded initiatives have raised apprehensions over debt-trap diplomacy, wherein nations grapple with excessive indebtedness to China.

China asserts extensive territorial claims in the South China Sea delineated by its Nine-Dash Line, a position that has been extensively disputed by neighbouring countries. Beijing has militarised manmade islands and strengthened its naval presence, resulting in territorial disputes with the Philippines, Vietnam, and Malaysia. The United States and other Quad nations' freedom of navigation operations contest China's maritime supremacy.

China's String of Pearls strategy in the Indian Ocean entails the establishment of ports and military installations in locations such as Sri Lanka, Gwadar in Pakistan, and Djibouti. These moves are perceived as components of China's strategy to surround India and secure energy corridors. India has reacted by enhancing its alliances in the region, including the Chabahar Port in Iran and military collaboration with Mauritius and Seychelles.

D. India-China Military Confrontations and Strategic Competition

Military confrontations and strategic rivalry in the Indo-Pacific have also manifested tensions between India and China.

1. Border Tensions and Their Influence on Maritime Strategy: The 2020 Galwan Valley incident and border issues in Ladakh have intensified India-China tensions, impacting marine tactics. India has augmented naval patrols in the Indian Ocean and executed military exercises with the Quad to convey deterrence.



2. **Malabar Naval Manoeuvres:** The Malabar exercises, featuring India, the US, Japan, and Australia, exemplify maritime collaboration in reaction to China's increasing aggression. These exercises emphasise naval interoperability, anti-submarine warfare, and intelligence dissemination..

E. Political and Ideological Differences

India and China have fundamentally different political systems, which influence their bilateral relations. India is the world's largest democracy, governed by a multi-party system, periodic elections, and an independent judiciary. In contrast, China is a one-party communist state led by the Chinese Communist Party (CCP), with strict state control over governance, media, and civil liberties. These ideological differences often create friction between the two nations.

1. Governance and Political Structures: India follows a parliamentary democratic system, where power is decentralized, and policies are shaped through public participation. China operates under an authoritarian system, where the CCP has absolute control over governance, economic policies, and national security. India's democratic system allows political dissent, whereas China suppresses opposition through strict censorship and state control.

2. Human Rights and Media Freedoms: India upholds fundamental rights such as freedom of speech, press, and political expression, whereas China restricts these liberties. China's policies in Tibet, Hong Kong, and Xinjiang have drawn criticism from India and the international community. China's strict media regulations contrast sharply with India's free press, leading to propaganda-driven narratives on both sides.

F. Cyber security Challenges in Indo-China Relations:

Cybersecurity has become a major issue in Indo-China ties, as India confronts substantial cyber threats from China. These difficulties underscore the increasing necessity for resilient cybersecurity measures to safeguard national security, essential infrastructure, and confidential information. China's purported state-sponsored cyber operations have aimed at Indian governmental entities, enterprises, and critical sectors, heightening tensions in the digital arena.

1. **Cyber Espionage and Data Breaches:** China has been implicated in cyber espionage targeting Indian defence, governmental, and corporate networks. Indian agencies have



reported cyberattacks aimed against sensitive government data, research institutions, and security organisations. Advanced Persistent Threat (APT) groups, purportedly associated with China, have sought to penetrate India's critical networks.

- 2. Cyber Warfare and Digital Influence:** China employs cyber warfare strategies to undermine Indian digital infrastructure and disseminate disinformation. Disinformation, propaganda initiatives, and social media manipulation are employed to shape public perception in India. India has enacted a prohibition on Chinese applications, including TikTok and We Chat, citing worries around data security.

Prospects for Collaboration

A. Economic Cooperation and Trade Treaties: Notwithstanding trade deficits, Indo-China economic relations offer substantial prospects. Fortifying trade agreements, fostering investment in industries such as technology, infrastructure, and renewable energy, and diminishing trade barriers could augment economic engagement.

B. Multilateral Engagements: India and China are participants in multiple international organisations, such as BRICS, SCO, and the G20. These platforms facilitate discourse and collaboration on global challenges including climate change, economic stability, and counter-terrorism.

C. Cultural and Interpersonal Exchanges: Enhancing cultural interactions via tourism, academic partnerships, and historical connections, such as Buddhism, can promote mutual understanding and diplomatic goodwill. Enhanced collaboration in education and research can reconcile disparities in perception and foster enduring peace.

D. Addressing Global Challenges India and China: Addressing Global Challenges India and China can together address global concerns including climate change, pandemics, and sustainable development. Both nations possess a mutual interest in diminishing reliance on fossil fuels and promoting green technology. Collaborative initiatives in healthcare, encompassing vaccine development and delivery, could advantage both governments and the international community.

E. Infrastructure Advancement and Connectivity : Enhancing connectivity initiatives like the



Bangladesh-China-India-Myanmar (BCIM) Economic Corridor can improve regional trade and economic integration. Enhanced infrastructural connections could promote more efficient commercial transactions and supply chains.

Future Perspectives

Indo-China relations constitute one of the most intricate and dynamic bilateral interactions of the 21st century. The future relationship between these two Asian powers will be influenced by changing geopolitical trends, economic transformations, regional dynamics, and technological progress. Although rivalry prevails as a significant topic, avenues for cooperation are still there, contingent upon how both nations manage critical areas of discord and partnership. The future trajectory of Indo-China ties will be shaped by three crucial factors:

1. Settlement of Territorial Disputes

The major concern in Indo-China relations is the persistent border contention along the Line of Actual Control (LAC). The clashes in Ladakh, Arunachal Pradesh, and other border regions have led to heightened military tensions. Future relations will be contingent upon:

Diplomatic Efforts: Bilateral conversations using existing avenues, including the Working Mechanism for Consultation & Coordination (WMCC) and Special Representative (SR) discussions, will be essential. Track-II diplomacy, which engages think tanks and former officials, can facilitate informal conflict settlement initiatives.

Agreements for Military Disengagement: Confidence-building measures (CBMs) like buffer zones, disengagement protocols, and no-patrol agreements help avert future conflicts. Consistent communication between military leadership via hotlines and joint meetings helps mitigate misconceptions.

Function of Multilateral Platforms: Entities such as BRICS, the Shanghai Cooperation Organisation (SCO), and the G20 can offer diplomatic platforms for communication and dispute resolution. A neutral third-party mediator, like Russia, might assist in border negotiations if bilateral discussions falter.



2. Economic Reconfiguration

The economic connection between India and China is marked by significant interdependence and trade disparities. Future economic relations will be shaped by India's strategic efforts to diminish reliance on Chinese imports while ensuring trade stability.

Trade & Supply Chain Diversification: India is proactively diversifying its trade alliances to diminish dependence on Chinese imports, especially in critical industries such as electronics, medicines, and industrial machinery. Initiatives such as Aatmanirbhar Bharat (Self-Reliant India) seek to bolster domestic industry and divert global supply chains from China.

Investment in Emerging Sectors: India is prioritising semiconductors, renewable energy, and infrastructure development to diminish Chinese hegemony in these domains. Promoting investments from Japan, the United States, and the European Union may yield alternative money and technological resources.

3. Regional Dynamics and the Influence of Third-Party Actors

Indo-China relations are not autonomous but are shaped by regional and global power dynamics. The participation of other entities, like the United States, Russia, and ASEAN countries, will influence the bilateral relationship.

The Rivalry between the United States and China and India's Involvement: The expanding strategic alliance between India and the United States via QUAD and defence agreements may elicit more pronounced responses from China. Maintaining strategic autonomy while balancing relations with both the US and China would be essential for India's foreign policy.

ASEAN and the Indo-Pacific Strategy: India's Act East Policy enhances its interaction with ASEAN countries, mitigating China's impact in Southeast Asia. China's assertiveness in the South China Sea and India's expanding naval presence in the Indo-Pacific may result in either heightened tensions or maritime cooperation agreements.

4. Technological Collaboration: A Means for Engagement



Notwithstanding strategic competition, technology may facilitate collaboration if administered proficiently. Collaborative research and development in advanced sectors can enhance economic synergy while reducing geopolitical tensions.

Artificial Intelligence (AI) and Digital Innovation: India and China are making substantial investments in AI, machine learning, and big data analytics. Coordinated collaboration in AI ethics, cybersecurity, and data governance may yield reciprocal advantages.

China's breakthroughs in space technology, particularly its lunar exploration initiatives, may enhance India's aspirations in space research and satellite construction. Collaboration in climate change monitoring, catastrophe management, and worldwide navigation systems may cultivate scientific relationships.

Technology Decoupling and Associated Risks: India's prohibition of Chinese applications, limitations on Huawei's participation in 5G networks, and heightened digital security apprehensions signify a shift towards technology decoupling. Future ties will hinge on the management of data privacy, cyber security standards, and digital sovereignty between the two states.

Limitations:

This study is constrained by its dependence on secondary sources and the swiftly changing dynamics of Indo-China ties. The absence of access to sensitive diplomatic material may hinder a comprehensive knowledge of state strategies. The unpredictable nature of global events implies that certain findings may alter with future developments.

Conclusion:

Relations between India and China in the 21st century are characterised by a combination of rivalry and collaboration. Despite ongoing problems including border tensions, economic disparities, and geopolitical rivalry, there are chances for commercial expansion, diplomatic engagement, and collaborative global efforts. The future of Indo-China relations will hinge on the establishment of mutual trust, realistic policy formulation, and a balanced strategy for dispute resolution. If handled effectively, both nations can gain from a stable and collaborative relationship, enhancing regional and global development.



This research study presents a thorough analysis of Indo-China relations, elucidating the intricacies of their interactions and delineating avenues for productive diplomacy and economic cooperation.

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