

# Research on China-India Strategic and Cooperative Partnership

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## Abstract

The friendly contacts between China and India have a long historical standing, and the development of a strategic partnership of cooperation between two countries serves the bilateral benefit: it is conducive to global policy and security cooperation, leading global economic recovery, and establishing a multi-polar world strength pattern. However, many issues left over from history and the ongoing changes in the geopolitical pattern of Asia-Pacific have hindered the development of further strategic and cooperation partnership between the two countries. In the face of difficulties, the China-India strategic and cooperative partnership can be deepened through several aspects, including the use of humanities to eliminate hostility, enhancement of political mutual trust, and establishment of free trade zones.

## Keywords

China-Indian Relationship; Boundary Problems; Political Mutual Trust; Free Trade Zones.

## 1. Introduction

The contacts between China and India can be traced back to the 2nd century B.C, and both sides have extensive economic and cultural communication. In modern history, China and India simultaneously rebelled against Western colonialism, and the two countries on good terms and appreciate each other. India therefore became the first non-socialist country to recognize New China. However, due to historical problems, the development of relations between the two sides has been severely hindered. Especially the Indo-Chinese War in 1962 brought the relationship between the two countries to their lowest level. Nevertheless, long-term confrontation is meaningless to these two emerging powers and does not conform to the interests of both parties. Therefore, the leaders of both countries are working hard to break through historical obstacles. In 1984, the two sides signed a trade agreement. In 1991, Premier Li Peng visited India. The two sides signed the consular treaty, the restoration agreement, and the border trade memorandum. In 2005, Premier Wen Jiabao visited India and the two countries signed the *China-Indian Joint Statement*. Premier Wen Jiabao visited India again in 2010 and the two sides established a trade goal of 100 billion U.S. dollars by 2015. In April 2018, Modi and General Secretary Xi met in Wuhan and reached a consensus that "China and India are neighbors, friends and partners". From the perspective of the development, although there are some disharmonies in the relationship between the two countries, peace and friendship remain the mainstream of the development of the relationship between the two countries, and the continuous development of the strategic and cooperative partnership remains the shared vision.

## 2. The Significance of Developing China-India Strategic and Cooperative Partnership

### 2.1. Conducive to Global Policy and Security Cooperation

The development of China-India strategic and cooperative partnership enables two countries to carry out more comprehensive cooperation in the field of global political safety and security.

Firstly, terrorism has become the most prominent issue in global political security. Terrorism has shown a trend of globalization in the world at present, and it is difficult for a single country to deal with cross-regional terrorism. According to the Global Peace Index (GPI) released by Australia in 2019, the world average peace index has fallen by 4% annually since 2008. Especially in assessments of persistent conflict and social security, the index dropped by 8.7% and 4% respectively compared with the previous year. Except for South Sudan, the bottom five on the Peace Index are all in Asia. Among them, the peace index of Pakistan, Afghanistan and Syria remained at the bottom for many years. The Middle East, Central Asia, and South Asia are considered to be the development centers of world terrorism, and the globalization of terrorism is a difficult problem that has to be faced in global governance.

Secondly, the issue of disarmament is prominent, especially in nuclear disarmament. Nuclear proliferation is a serious problem. With the exception of the five permanent members of the United Nations Security Council, Pakistan, India, Israel, and North Korea are all countries that actually possess nuclear weapons. Countries such as Iran have not given up their pursuit of nuclear weapons. At present, all nuclear powers regard nuclear weapons as the core of their national security strategy. Clinton had bluntly pointed out: "The United States should maintain nuclear deterrence. Once the United States is hit by a hostile force, it will immediately take nuclear retaliation." Therefore, for the sake of nuclear deterrence, nuclear disarmament is almost impossible.

Thirdly, the global climate change is getting worse. It can affect international security in five main ways: threatening food security, slowing down the speed of development, increasing conflicts due to resources, raising the number of refugees arising from sea level rise, and intensifying competition for undefined resources. Mankind should share the responsibility of climate, but developed countries tend to sacrifice the interests of developing countries to maintain their own development speed. Therefore, the international community has made slow progress in dealing with global climate problems.

China and India have declared on many occasions that they will carry out extensive cooperation in the above-mentioned fields under the framework of joint cooperation. In the issue of terrorism, two countries have reached a consensus on the threat of terrorism to the country and world peace, and resolutely eliminate any form of terrorism, especially in the case of terrorist activities across regions, cooperation between the two major powers can be effective in breaking the financial chain of terrorist organizations to maintain regional and global security; on the issue of disarmament, both sides agree to gradually disarm, and oppose the proliferation of nuclear weapons and the development of armaments into outer space; in the issue of global violent conflicts, two countries develop arms and actively alleviate global violent conflicts; in the issue of climate change, China and India, as fast-growing emerging countries, are both large energy consuming countries. They are similar in energy consumption structure and are dominated by oil. Therefore, they have the same appeal in terms of interests, namely, maintaining their own reasonable development space and committing to specific emission reductions and believing that western countries should bear the main responsibility for climate change.

## **2.2. Conductive to Leading Global Economic Recovery**

Since the 2008 economic crisis, the fundamental cause has not been eliminated and the economic recovery will take time despite the gradual recovery of the global economy. For the current downturn in the global economy, strengthening cooperation is a realistic way. In addition, global economic growth is unlikely to rely on traditional developed countries led by the United States. Western developed countries mainly use three methods to deal with economic issues: monetary policy, fiscal policy and currency policy. When faced with an economic downturn, developed countries led by the United States often adopt "monetary

easing" and "expansionary fiscal policy" to stimulate consumption and green shoots. Although it can produce a certain effect in the short term, in the long run, it will further lead to financial deficit and the growth of huge debts, which in turn will become the cause of the downturn. downturn.

Under this background, the cooperation between China and India will play a major role in the recovery of the global economy. India is a developing country and urgently needs to industrialize nations. However, other small countries with small internal demand in South Asia cannot meet the needs of economic development, so India must develop trade with countries outside the region. As India's neighbor and the largest developing economy, China is in great request to expanding trade because of the trade disputes between China and the United States. Therefore, the economic cooperation between China and India should be a manifestation of the common interests of China and India and serves the development of two countries.

### **2.3. Conductive to the Formation of a multi-polar World Pattern**

After the end of the Cold War, with the dissolution of the Soviet Union, the world entered an era of "one superpower and several major powers".

From the perspective of the overall world power pattern, the United States remains the only superpower, and has a significant impact on the world's political economy. Almost no country is immune to the influence of the United States' remote geographic factors on the one hand and with the development of emerging economies, the trend of multi-polarization in the world is constantly strengthening on the other. For example, the "G7" that dominated the world before is being replaced by the "G20", "BRICS" and "Shanghai Cooperative Organization" that many developing countries have participated in. Among them, "G20" has the greatest significant significance for the development of world multi-polarization. For one, it includes not only traditional powers but also emerging powers; for the two, the organization has corresponding independent resolution mechanisms in extensive cooperation on economic, climate, environmental, and terrorism issues; for the three, the "G20" mechanism guarantees the chance of developing countries like China and India to participate in global practice affairs.

As for the emerging big developing countries, both China and India need a peaceful surrounding environment to develop and rise. It is also necessary to rationally lead the peaceful transformation of the world pattern and contribute to the establishment of a more orderly world multi-polar power pattern. Active cooperation between China and India can build a peaceful environment, which is conducive to the further development of China and India and promotes the formation of a multi-polar world pattern that in turn maintains peace. Simultaneous development and cooperation between China and India will have a more positive impact on the formation of the world's multi-polar pattern.

## **3. Current Situation of China-Indian Relationship**

In 1979, the Indian Foreign Minister visited China. Nineteen years have passed, this was the first high-level visit between two sides after Zhou Enlai visited India in 1960 and China-Indian relations began to recover. In 1961, Chinese Foreign Minister Huang Hua was invited to visit India. The two sides set up a dialogue mechanism, which greatly reduce tension between them. Exchanges were also conducted in many fields such as science, economy, and culture. The two sides began to send foreign students to each other to carry out scholarly communication. In 1984, the two countries promised MFN treatment to each other.

In the 1980s, China-Indian relations were once again positively affected by the pattern of international relations. Gorbachev stated that friendship between China and India was in the interests of the Soviet Union in public. In 1988, Indian Prime Minister Rajiv Gandhi visited China. The Indian followed the principles of "Tibet is apart of China", "India does not interfere in China's internal affairs" and "put aside border disputes". China-Indian relations greatly relieved.

In the 1990 India-Pakistan Kashmir crisis, China adopted a neutral position, and India also supported China in the Tiananmen incident. In the 21st century, frequent high-level exchanges between China and India facilitate extensive cooperation in the fields of economy, culture, education, and two countries attempt to resolve border issues by non-military means, which accelerate health China-Indian relations.

China-India relations have reached new heights since 2005. In the first strategic dialogue, the two countries reached consensus on regional security, energy security and disarmament. In April, Premier Wen Jiabao visited India and the two sides announced the establishment of strategic partnership. The *Agreement between the Governments of the People's Republic of China and the Government of the Republic of India on the Political Guiding Principles for Resolving the China-Indian Border Issue* that was subsequently signed actually put aside the border disputes between the two sides and tried to establish a mechanism for peaceful resolution.

In addition to reconciliation on the border issue, China and India have engaged in close cooperation in multilateral international mechanisms, such as the G20 and the BRICS meeting. At the same time, the two sides have also developed cooperation in the military field. In 2012, the Indian fleet made a friendly visit to Shanghai.

On the whole, after entering the 21st century, the development direction of China-India political relations is upward, which is more rational rather than the so-called "fraternal enthusiasm" in the 1950s. Both China and India need to create a peaceful surrounding environment for their own rapid development. The destiny of China and India has actually been closely linked by geography. The potential of China-India relations is huge, and China-India friendship is also achievable.

## **4. Objective Conditions for the Development of China-India Strategic Partnership**

### **4.1. The Rise of Regional Economic Organizations**

Regional economic organization refers to an alliance formed by multiple countries come from the same region in pursuit of common interests to compete with other countries and as a whole. With the end of the Cold War, economic globalization has made the world gradually enter the era of geo-economy, and regional economic organizations have developed rapidly and have become an important force affecting the world pattern.

According to WTO statistics, there are 297 regional economic integration trade arrangements, and 14 PTAs have taken effect from 1948 to 2000. In just two decades since the new century, PTAs have reached 43. Rapidly development of regionalism has provided useful ideas for expanding the China-India strategic partnership.

In recent years, both China and India have actively promoted regionalism. India has signed bilateral trade agreements with Sri Lanka and Bhutan, which plays an important role in the South Asian Free Trade Zone. China has also signed free trade agreements with ASEAN, Singapore, Pakistan, New Zealand, Australia and other countries, and has worked hard to achieve free trade with countries such as the Southern African Union and Iceland. At the same time, China and India respectively signed duty-free and tariff preferential schemes for the poorest countries in 2010 and 2008 to give benefits to the underdeveloped countries in trade.

From these trends, it can be found that China and India not only recognize the importance of regional economic integration and actively promote the construction of regional economic organizations, but also have similarities in specific handling methods. China and India can fully consider promoting the China-India strategic cooperative partnership in the form of regional economic organizations on the paradigm of regionalism. The China-India trade zone can become a trade hub connecting Northeast Asia, South Asia, West Asia, East Asia and other

regions, avoiding the strengthening of geopolitical confrontation in various trade zones. Through the China-India free trade zone, the integration of various trade zones will be realized, the geo-economic advantages will be brought into play, and the process of economic integration will be promoted.

## 4.2. In-depth Bilateral Cooperation in Multiple Fields

At the political level, political relations have gradually become more rational. China-Indian relations have gone through a honeymoon period and there have been conflicts. With the efforts of both sides, China-Indian relations have begun to normalize. Although the current Sino-Indian relations are not as close as the honeymoon period, they are entirely based on the common interests of the country. This kind of controllable and rational politics is an important foundation for the two countries to deepen their strategic partnership.

At the economic level, the economic ties between the two sides have become closer. In terms of trade, when Sino-Indian trade resumed in 1977, the bilateral trade volume was US\$25 million. In 1991, it was US\$264 million, which was ten times that of 1977. In 2010, the bilateral trade volume between China and India rose to 61.7 billion U.S. dollars. In 2017, the bilateral trade volume between China and India was 85.54 billion U.S. dollars, fully demonstrating the potential for trade development between the two sides, and the trade linkages are becoming closer. In 2017, India's direct investment in China was US\$158 million, a 300.02% increase year-on-year. Many large Chinese state-owned enterprises have projects in India, including Sinosteel, Shougang Group, Baoshan Iron and Steel, etc. Economic cooperation is of positive significance to the further development of China-India strategic cooperative partnership.

## 5. Obstacles to the Development of China-India Strategic Partnership

### 5.1. Political Barriers

The disputed boundary between China and India includes three sections of East, Central and West, covering the area north of China's traditional customary line and south of the McMahon Line. The total disputed area is approximately 124,000 square kilometers, of which approximately 90,000 square kilometers are actually controlled by India.

First, the long-standing unresolved border issue will make it difficult for both sides to establish political mutual trust. In 2006, China and India reopened the Nathu Lhasan Port, which had been connected to Tibet and Sikkim in India for 44 years. The only frontier port between China and India is placed in high domestic expectations. Some Chinese experts believe that the trade volume can exceed US\$200 million in the first year, but the trade volume just reached 20 million U.S. dollars in 2010. As far as China is concerned, the Tibet issue involves the overall situation of national sovereignty and peaceful reunification. As far as India is concerned, India's northeast region is rich in resources and is very eager for a strategic barrier. Such border issues will continuously hinder the development of China-India strategic partnership.

### 5.2. Economic Barriers

The contradiction between China and India in the economic field is structural. Compared with China, the Indian market is less open. For a long time, the Indian government has pursued trade barriers to encourage exports, restrict imports, and protect domestic production companies. According to data released by the Tariff Department of the Ministry of Finance in 2016, the average final bound tariff rate of India's most-favoured-nation tariffs is 46.4%, 119.1% for agricultural products, 33.7% for industrial products, 26.9% for textiles, and 37.1% for clothing. During the same period, China's most-favoured-nation tariffs were much lower, with an average final bound tariff rate of 9.8%, of which the average tariff rate for agricultural products was 15.1% and the average tariff rate for industrial products was 8.9%. In short, in the economic field, India's attitude towards China is very contradictory. On the one hand, it hopes



to enjoy the economic growth brought about by trade with China. On the other hand, it is very wary of the rise of China and fears that China's low-priced products will enter India and impact India itself. India hopes to curb the Chinese economy and even achieve overtake, which has made India's less positive attitude towards reaching a strategic partnership with China in the economic field.

### 5.3. Diplomatic Barriers

Since the beginning of the new century, India has continuously strengthened its strategic cooperative relations with Asia-Pacific countries in various fields such as politics, military and economics, and maintained and developed good diplomatic relations with Asia-Pacific countries. It mainly includes India-US strategic partnership, India-Russia strategic partnership, India-South Korea strategic partnership, India-Japan strategic partnership and India-Vietnam strategic partnership. This hinders the development of the strategic cooperative relationship between China and India mainly in two aspects.

First, in recent years, China and Asia-Pacific countries have made great progress in energy cooperation, successively building the Central Asia Oil and Gas Pipeline, the China-Russia Crude Oil Pipeline, the China-Kazakhstan Oil and Gas Pipeline, and the China-Myanmar Oil and Gas Pipeline. However, as India develops diplomacy with Asia-Pacific countries, energy cooperation between China and other countries may be challenged. For example, the China-Myanmar oil and gas pipeline has been repeatedly negotiated for six years, and the "Indian factor" cannot be ignored.

Second, in recent years, India has incorporated the Chinese element in its diplomacy with Asia-Pacific countries, seeking common positions with Japan, Vietnam and other countries on border disputes. And it is difficult to get involved in China's surroundings, especially maintaining a military presence in the South China Sea has stimulated China's sensitive nerves. In 2011, India began to promote military cooperation with the United States and Japan. This kind of Asia-Pacific military dialogue that avoided China is self-evident. India's diplomatic methods have made China's surrounding environment more complicated and increased China's mistrust of India. Therefore, it has become difficult to further build the China-India strategic partnership.

## 6. Countermeasures and Suggestions for Developing Strategic Cooperation Partners between China and India

### 6.1. Countermeasures in Humanities

Compared with ancient exchanges, modern exchanges between China and India are very inadequate. Scholars from the two countries have focused their research on politics, economy and military, ignoring the soft role of humanities in the relations between the two countries, which makes the poor cultural identity with each other, and seriously affects the development of China-India economic, trade, political, and diplomatic cooperation. The Indian media often plays a negative role in contemporary China-Indian relations. The Indian media has been accustomed to using various opportunities to promote the "China threat theory", "China oppresses India", and "China-Pakistan military cooperation". By mentioning the 1962 China-Indian War to stir up national sentiments in India, it has had an important impact on the healthy development of the two countries.

This is because the media workers of the two countries do not understand each other and believe the instigation of some Western countries. The governments of the two countries can conduct appropriate guidance to gradually reduce irresponsible and disrespectful reports. Specific methods may include conducting mutual visits of media workers from both sides to deepen understanding, introducing each other's film and television works, and appropriately adding content to introduce each other's culture, history, and literature into documentary programs.

Furthermore, there are still a lot of arguments about the “China threat” in India, but there is almost no “Indian threat theory” in Chinese academic circles. In fact, China is the only major country that supports India among the 30 voter countries when India applied to be a permanent member of the UN. Through academic exchanges, Indian can understand Chinese concepts and attitudes towards India, which can effectively promote mutual trust between the two sides and construct harmonious public opinion to deepen the strategic partnership.

Specific strategies can include organizing and regularizing China-India academic conferences, and extensively inviting Indian think tanks to exchange views, such as the “China and South Asia” International Symposium of Shanghai University, and the Yunnan Academy of Social Sciences’ “China and South Asia under the New Situation” Cooperative academic seminars are all good attempts.

## **6.2. Countermeasures in Politics**

The contradictions between China and India in the political field are mainly the border issue. Although the leaders of the two countries reached an agreement on the border issue, they have repeatedly stated the importance of maintaining border tranquility and regional peace. Some scholars also believe that the border issue is no longer the main issue that obstructs China-Indian relations, but the Doklam Confrontation in 2017 once again touched the sensitive nerves of both sides. The historical border issues still have a greater impact on the development of China-India strategic partnership.

### **6.2.1. Political Thinking Transformation**

Regarding the historical issues left over from the border, China has always maintained a peaceful attitude that the border issue can be shelved. On the contrary, India has always had the “China threat theory”, which has created a cognitive inequality of bilateral security between China and India.

This “China Threat Theory” view comes from traditional geopolitical theory. All countries need to fight for their own survival and constantly strive for a broader development. A newly emerging big country will inevitably challenge the existing big country, and the existing big country will inevitably respond to this threat, so that war becomes inevitable. But in fact, China and India can rise up peacefully and cooperatively. Both countries are at the stage of developing countries, and the development tasks are heavy. There is a great need for a peaceful and stable international situation. This means that there are extensive common interests between China and India. It is entirely possible for China and India to cooperate to expand discourse right in international affairs as a whole with a common interest.

### **6.2.2. Improve Political Cooperation Mechanism**

The lack of political mutual trust is the fundamental reason why the strategic partnership between the two countries has always been difficult to achieve substantial development. Therefore, it is very important to establish a political cooperation mechanism between the two countries. So far, as two world-class emerging powers, China and India only have a mechanism at the level of foreign ministers’ meeting, but not a mechanism of national-level regular meeting. As the international situation is continuing to undergo profound changes, China and India need to increase communication to enhance mutual trust. Doubts often come from ignorance. Such a mechanism of meeting can promote mutual political trust and strengthen cooperation between the two countries in international affairs.

### **6.2.3. National Sentiment Persuasion**

China and India should avoid unprovoked incitement of nationalism on the border issues. The Indian government’s incitement of nationalists’ sentiments has had a very negative impact on the relations between the two countries. The Indian media have even become accustomed to publicizing negative Chinese news, such as “China’s invasion of India”, “China threat theory”,

and “China’s squeezing out India”. India should respect the facts. Politicians should not deliberately incite national sentiments and actively guide the sentiments of the people, so that the nationalist sentiments of the two countries are under control, which will effectively promote the construction of China-India strategic partnership.

### **6.3. Countermeasures in Economics**

#### **6.3.1. Establishment of China-India Free Trade Zone**

The establishment of the China-India free trade zone has made the interests ties between China and India closer. This is a key step to alleviate the contradictions between China and India, deepen mutual understanding between China and India, increase mutual trust, and build a community with a shared future. Actively discuss and negotiate issues related to the establishment of the China-India trade zone in order to determine the time and plan for the free trade zone negotiations, and promote the substantive progress of the China-India free trade zone. In terms of location, it can avoid India’s sensitivity to border issues if the free trade zone is located in Nepal instead of on the Chinese border.

#### **6.3.2. Pay Attention to India’s Trade Deficit**

In China-Indian trade, China is in a surplus position and India is more concerned than ever about its opening up and yawning trade gap with China. China can make appropriate adjustments in tax rates to take care of India’s feelings and avoid the loss of India’s social welfare. At the same time, India has witnessed achievement of cutting-edge industries such as computer sectors. China can communicate with India in order to broaden product trade channels for importing some cutting-edge products from India as a token of good faith to deepen the development of China-India strategic partners.

## **7. Conclusion**

As two emerging developing countries, development is an urgent task for both countries. Abandoning previous suspicions, developing China-India strategic cooperative partnership can promote cooperation between the two countries in various fields such as security, economy and politics.

The interests and destiny of the two countries will therefore become closer. On the one hand, the two countries can expand discourse right in participating in international affairs. On the other hand, the strategic cooperation and development between the two countries will promote the development of multi-polarization in the world and protect the security of the region and the world. And this kind of security can further promote cooperation and development, that is, cooperating and developing nation itself while promoting world peace, and peace promotes cooperation and development.

In terms of cooperation strategies, the two sides will guide the political, economic and cultural fields, among which deepening the economic and trade cooperation between the two countries and establishing a free trade zone to promote regional economic integration is a task of top priority.

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