

INDIA – CHINA RELATIONS

The External Affairs Minister of India held a ministerial-level meeting with the Chinese Foreign Minister in Delhi, the first since the LAC disengagement in November 2024. The discussion focused on consolidating peace, advancing economic cooperation, and addressing strategic challenges.

Major takeaways From India-China Foreign Ministers Meeting

Advancing De-escalation & Stability – Both sides stressed that peace along the LAC is vital for stable ties. India reiterated its 3 Ds approach—disengagement, de-escalation, and de-induction alongside the 3 mutuals of respect, sensitivity, and interest.

Strengthening Economic & Trade Links – Talks focused on boosting trade facilitation, connectivity, river data sharing and technology transfer while China agreed to supply fertilisers, rare earths, and tunnel-boring machines, easing past restrictions. Key steps included resumption of border trade via Lipulekh, Shipki La, and Nathu La, and visa facilitation for tourists, businesses, and media.

Facilitating Cultural & People to People Ties – The meeting reiterated the resumption of the Kailash Mansarovar Yatra and restoration of tourist visas. Both sides also agreed on holding the High-Level Mechanism on People-to-People Exchanges in 2026 and jointly commemorating 75 years of diplomatic relations.

Regional Security and Global Engagement – India raised concerns over Pakistan-backed terrorism in J&K. Both countries emphasized working towards a multipolar world, ensuring regional stability, and strengthening cooperation through platforms like SCO, BRICS, and bilateral mechanisms.

Key Areas of Cooperation between India and China

Cultural, Educational & People-to-People Ties – India shares civilisational links with China exemplified by Xuanzang and Bodhidharma and it is reinforced through academic collaborations and language programs. China's growing interest in Ayurveda, Yoga, and Indian classical arts, along with tourism, pilgrimages, and direct flights, strengthens people-to-people engagement.

Capital Flows and Technology Sharing – Indian startups, especially unicorns, have attracted major Chinese funding, aiding their expansion. By 2020, 18 unicorns had received investments worth over USD 3.5 billion from China. China's advanced know-how in infrastructure and high-speed rail offers value for India's industrial growth. Such capital inflows and expertise highlight the complex interdependence despite strategic rivalry.

Multilateral Cooperation – India and China collaborate in BRICS, SCO, G-20, Asian Infrastructure Investment Bank (AIIB) & New Development Bank (NDB) promoting Global South solidarity, multipolarity, and climate diplomacy. China supports India's ISA (International Solar Alliance), and both countries have shared stakes in energy transition. Leadership meetings and summits, including the 2024 BRICS Kazan summit, provide strategic direction to bilateral ties.

Climate Justice and South-South Cooperation – India and China find common ground in advancing climate justice, green financing, and South-South cooperation. Both countries share deep concerns about Western-imposed carbon tariffs and the inequities embedded in global climate governance. This convergence allows for policy alignment and coordination in international platforms. At COP29, they jointly opposed the EU's Carbon Border Tax, flagging its risks of unfair competition and negative economic impacts. Such collaboration reinforces their united stance in multilateral climate negotiations.

Key Challenges in India-China Relations

Persistent Border Disputes – The 3,488-km-long LAC remains undefined, with frequent incursions and infrastructure buildup on both sides. China occupies 38,000 sq km of Aksai Chin and claims 90,000

sq km of Arunachal Pradesh as South Tibet. Lack of mutually agreed maps complicates verification and patrol coordination, and friction points like Depsang and Charding-Ninglung Nala remain unresolved.

The recent Doklam standoff (2017) and the Galwan Valley clash (2020) highlight the persistent volatility along the India-China border.

Economic Asymmetry and Trade Dependence - China is India's second largest trading partner (after the US) in 2024-25, with bilateral trade amounting to USD 127.7 billion & India's trade deficit with China increased to USD 85 billion in 2023-24 from USD 83.2 billion in 2022-23. India imports Chinese APIs, electronics, and solar panels & exports are mostly low-value while Chinese imports are high-value.

Strategic & Security Challenges - China's China Pakistan Economic Corridor (CPEC) through PoK and its military/nuclear cooperation with Pakistan increase India's strategic insecurity. China hinders India's NSG membership and UNSC permanent seat aspirations at global forums, while protecting Pakistan-based terrorists, thereby constraining India's strategic ambitions. Also, India is heavily dependent on Chinese technology, with Chinese firms holding approx 75% of the smartphone market and critical sectors like EVs, telecom, and semiconductors reliant on China. Cyber threats from China-linked actors have targeted healthcare and power networks, leading India to ban over 300 Chinese apps and exclude firms like Huawei from 5G trials.

Hydrological and Environmental Concerns - China has upstream control of rivers like the Brahmaputra and Sutlej and projects like Medog and Zangmu dams which are a threat to India's water security as well as raising significant environmental concerns. Hydrological data sharing on the Brahmaputra expired in 2023, while recent discussions offer hope for renewal, the situation remains sensitive and requires careful management.

Competition for Regional Leadership - India and China compete for dominance in South Asia and the Indian Ocean, with China expanding its maritime footprint through the Maritime Silk Road/String of Pearls. Its presence in key ports like Sri Lanka (Hambantota) and Myanmar (Kyaukpyu) challenges India's regional influence.

Measures Should be Taken to Strengthen India-China Bilateral Engagement

Deepening Strategic Dialogue - Continue Special Representatives (SR)-level and Working Mechanism for Consultation and Coordination (WMCC) on Border Affairs talks to resolve LAC friction points, focusing on full disengagement, de-escalation, and restoring peace. Regular engagement through SCO and BRICS can build trust and help prevent conflicts.

Extend Confidence-Building Measures (CBMs) beyond military talks to include economic and cultural exchanges in border areas to foster trust. Establishing demilitarized buffer zones in sensitive areas and agreeing to clear protocols for disengagement would build trust and prevent accidental flare-ups. Simultaneously, India should invest in smart border infrastructure, ISR (intelligence, surveillance, reconnaissance) technologies, and mountain warfare readiness to ensure credible deterrence.

Economic & Trade Rebalancing - While trade with China remains critical, India should pursue selective economic engagement, expanding imports of capital goods and technology, while reducing over-dependence on strategic sectors like telecom and pharmaceuticals. Structured dialogues on market access, investment screening, and supply-chain diversification will allow cooperation without compromising security.

Managing Water & Environmental Concerns - Enhance trans-boundary river governance by resuming hydrological data sharing on the Brahmaputra and establishing a long-term, institutionalized water-sharing framework. Promote joint mechanisms for sustainable dam management, flood forecasting, and climate-resilient practices, integrating environmental safeguards and ecological sustainability to protect downstream communities.

Leveraging Multilateral Cooperation Platforms - India and China share space in BRICS, SCO, G20, and climate negotiations. Building issue-based coalitions, like on reform of global financial institutions, South-South cooperation, and sustainable development financing can foster collaboration beyond bilateral irritants. This helps India leverage China's influence while also projecting its own leadership. **Long-Term Trust Building through Incrementalism:** Rather than aiming for a "grand reset," India should adopt incremental confidence-building, taking small, verifiable steps to gradually expand trust. Initiatives in pandemic preparedness, disaster relief cooperation, and student exchanges can act as low-cost, high-impact trust multipliers before addressing core disputes.

Conclusion

India-China relations are gradually moving toward constructive engagement through border stability, trade, and strategic dialogue. While challenges remain in territorial disputes, economic imbalances, and technological dependence, a combination of confidence-building measures, strategic autonomy, regional cooperation, and global multipolar engagement can pave the way for a stable, cooperative, and forward-looking bilateral relationship.

Source: <https://indianexpress.com/article/india/wang-yi-begins-india-visit-jaishankar-says-de-escalation-process-must-move-forward-10197352/>

