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The Sino-Indian Relationship: Can Two Tigers Share a Mountain?

Not much has changed in the rhetoric of Sino-Indian relations since 1951, since Mao Zedong declared that 'excellent friendship had existed between the two countries for thousands of years'.[1] Yet few of the lofty proclamations made by leaders on either side are reflected in the reality of relations between China and India.

Being ancient civilizations reincarnated as modern republics around the same time, both countries have lived through tumultuous times domestically and internationally. Today they have emerged as rising powers in Asia, keenly observed by the West and, increasingly, by the rest of the world. Their large populations and rapidly growing economies have, between them, made Asia the rising continent of the global dispensation (along with a stagnating Japan). Yet little attention is paid to the relationship between them beyond their shared border and the limited war fought over it in 1962. Most scholarship on modern Chinese foreign policy has focused on its relations with the United States, Japan, and East Asia. Similarly on the Indian side, the foremost obsessions have been with Pakistan, the South Asian neighbourhood, and the United States. Surprisingly for two states of such growing importance and with such a rich and sometimes fractious history, their relationship seems largely reactive and, more broadly, adrift. Given robustly growing economic ties, a renewed war seems ever less likely. But neither country has apparently developed a grand strategy relating to the other.

An unshakable and largely unprofitable preoccupation with the past on the Indian side and an equally intense preoccupation with domestic consolidation on the Chinese side have left the relationship in many respects undertended. The relationship might best be seen as one of geostrategic competition qualified by growing commercial cooperation. And there is some asymmetry at play. China is a more neuralgic subject in Indian national debates than India is in China. China does not appear to feel threatened in any serious way

by India while India at times displays tremendous insecurity in the face of Chinese economic success and military expansion.

The similarities between India and China are striking to many outside observers. Both have nuclear weapons, burgeoning economies, expanding military budgets, and large reservoirs of manpower. Both seem to be vying for influence in the Indian Ocean, the Persian Gulf, Africa, Central Asia, and East Asia. The standard question posed by those who do study Sino-Indian relations is 'cooperation or conflict?' This is no different from the question posed by the many more scholars who study Sino-US relations.[2] The dimensions of the two bilateral relationships, however, are different. Sino-US ties are often seen in terms of a one-to-one contest for global pre-eminence, whereas the Sino-Indian relationship is far less defined by the actions and policies of the two countries themselves than by the interaction of these with extraneous actors such as the United States, Pakistan, and other nations in South Asia. It also is defined in part by strikingly contrasting polities and models of development, each silently competing with the other not just for capital, resources, and markets, but also for legitimacy in the arena of great and emerging global powers.

In what follows, the history of the modern relationship between the two countries is sketched and thematic issues on which India and China have agreed and differed in the past and the present are outlined. Finally, the prospects for future conflict are weighed against the prospects for future cooperation. One conclusion arising from this narrative is that a deeper understanding of each other's domestic compulsions and state–society relations would help India and China to identify and defuse potential sources of sharp conflict before they get out of hand. Meanwhile, each has done a creditable job of avoiding unwarranted antagonism and adventurism in engaging the other.

Historical overview

For analytical convenience, the modern history of Sino-Indian relations can be divided into four distinct periods. The first, from 1950 to 1962, was a period of purported friendship and ideological congruence around anti-imperialist foreign policy objectives. This soon deteriorated into a bitter yet brief border conflict, following which the second period of 1962 to 1976 was described by one pair of scholars as the Sino-Indian 'Cold War'.[3] During this period each aligned with the other's enemy in an effort to augment their own security and undermine that of their adversary, with China cosying up to Pakistan and India to the USSR.[4] After 1976, during the third period, efforts were made by both sides to normalize the relationship, and this led to tentative steps to

address differences through careful management and a predictable process of dialogue. This was by no means an easy task, not least because of sensitivities in India, frequently expressed in the media and parliament. Thus Sino-Indian 'normalization' of relations occurred in fits and starts, producing the positive outcome of a gradual build-up of institutional ties between the two countries, and an improved understanding of each other's domestic and regional constraints and priorities.

In 1998, India pointed to China as the justification for its second round of nuclear tests since 1974. Although this could have created significant tensions between the two nations, in retrospect the event was but a blip on the Sino-Indian trend line and economic relations have since intensified. During the fourth period, from 1998 onward, India and China also have increasingly participated alongside each other in a complex web of global economic diplomacy eliciting frequent, if often merely tactical, cooperation, as in multilateral negotiations over strategies to combat climate change. While relations have generally improved in bilateral and international forums, the relationship remains one of uncertainty and occasional antagonism, marked by China's full emergence as a global power and the courting of India by other powers such as the USA, as important not just in its own right but also, potentially, as a counterweight to Chinese power and regional influence.

1950–62: ideological enthusiasms

India and China started off on friendly footing soon after their formation as republics. In 1949, the Indian government under Prime Minister Jawaharlal Nehru was quick to recognize the People's Republic of China (PRC) government even though the latter was officially opposed by the Western powers. In 1950, despite China's military movement into Tibet, India opposed a US-sponsored attempt in the United Nations Security Council to label China an aggressor in the Korean War. In 1951, India boycotted the San Francisco Peace Treaty on the grounds that, *inter alia*, the settlement did not return the island of Formosa (Taiwan) to China.[5] And, in 1954, India officially acquiesced in Chinese dominance over Tibet.

The main source of entente between the two nations, epitomized by the popular Hindi slogan *Hindi Chini Bhai-Bhai* (Indians and Chinese are brothers)[6] in the 1950s, was their shared sense of having cast off the imperialist yoke through long (albeit completely different) struggles. Proclamations by Indian and Chinese statesmen highlighted the shared responsibility that India and China felt in leading the countries newly emerging from colonization in a quest for peace and prosperity against the treacherous backdrop of the US–Soviet superpower rivalry.[7] Moreover, the ideology of anti-imperialism was strongly endorsed by leaders of both nations. Indeed as late as 1962, at

the height of the Sino-Indian border dispute, Zhou Enlai reminded Nehru: 'Our two peoples' common interests in their struggle against imperialism outweigh by far all the differences between our two countries. We have a major responsibility for Sino-Indian friendship, Asian-African solidarity and Asian peace.'[8]

Despite the common references to imperialism and Afro-Asian solidarity, there were marked differences in the ideologies of the two great leaders, Mao and Nehru. Mao had led a militant movement that armed and mobilized the peasantry to win a civil war and establish the PRC. On the other hand, alongside Gandhi, Nehru led a movement that won an unlikely victory through non-violent resistance. When Pakistan invaded Kashmir in 1948, he had chosen to refer the matter to the UN. He had refused to allow his country to be dragged into the Korean War, preferring to employ Indian troops in peacekeeping missions. Early in his tenure, he had eschewed violence in favour of diplomacy to deal with the Bengal refugee crisis of 1950 and Pakistani troop movements in Kashmir soon after. Consequently, Nehru chose a foreign policy of non-alignment and Mao one (at least formally, if intermittently) of support for international revolution. Nehru sought to consolidate the principle of sovereignty for newly independent nations, while Mao sought to create class divisions and support communist revolutions in the same countries.[9]

Despite their different approaches, both Nehru and Mao saw an important place for their nations in the future of the international system. Mao was ably supported by Zhou, a sophisticated actor often introducing an element of ambiguity in Chinese policy that helpfully qualified the principles laid down by Mao. However, the mantle of leading the newly independent colonies of Asia and Africa could not be shared by China and India for long. By emphasizing their anti-imperialist credentials and their suffering under imperialist domination, both nations sought to 'build solidarity and gain prestige' among Third World countries.[10] In practice, this created competition between India and China to be viewed as vanguards of the developing world. India under Nehru had acquired somewhat of a head start by hosting the First Asian Relations Conference, held in New Delhi in 1947 while China was still in the throes of a bitter civil war. The Nationalist government of China had sent a representative to this conference, where some tension was evident over India's attempts to project its leadership in Asia.[11]

Subsequently, at the first Afro-Asian Conference at Bandung, Indonesia, in 1955, Nehru took great pride in inviting Zhou and introducing him to other leaders as if India were a 'public mentor and introducer of China into the group of developing nations'.[12] This approach was not well received by Zhou or other PRC leaders. Much later, Zhou would comment to a group of journalists that he had 'never met a more arrogant man'.[13] In their struggle for ideological leadership of the Third World, China and India had already been

set at odds by 1955. Indeed at Bandung, China is reported to have reached a 'strategic understanding with Pakistan founded on their convergent interests vis-à-vis India'.[14] This understanding laid the foundation of one of the twentieth century's longest and most stable alliances (despite China being increasingly apprehensive in recent years about the Islamist extremism in Pakistan, that could eventually impact China itself through the Xinjiang Autonomous Region). After Bandung, the emerging ideological competition between India and China contributed to an increasingly strained bilateral relationship that was soon put to the test in addressing a serious irritant: the Sino-Indian border.

The Border War of 1962

While the border dispute can be considered a problematic bequest 'left over by history',[15] its more immediate antecedents lay in the Chinese invasion of Tibet in 1950. This created significant tensions in India, which had strategic interests in Tibet and 'spiritual bonds' with Tibetan civilization stretching back almost two millennia.[16] An Indian analyst writing later at the height of the Sino-Indian border conflict said, 'Any strong expansionist power, entrenched in Tibet, holds in its hands a loaded pistol pointed at the heart of India'.[17] India therefore followed an equivocal policy: on the one hand it lent limited material support to Tibetan rebels during the Chinese occupation (in which it had officially acquiesced); on the other, it declined to support the Tibetans at the UN or expand the scope of conflict in any manner.[18]

It was soon was recognized in Delhi that the Indo-Tibet border in particular, and the Sino-Indian border in general, needed stabilizing. Potential controversy lay in two areas—the eastern sector (56,000 square miles), which the Indians called the North East Frontier Agency (NEFA) and which the Chinese viewed as South Tibet; and the western sector (13,000 square miles), which included most prominently the Aksai Chin plateau, bordering Kashmir, Xinjiang, and Tibet. The year 1959 was somewhat of a watershed in Sino-Indian relations. It had come to be known that Tibetan rebels were being trained and funded by the United States' Central Intelligence Agency (CIA) and Chiang Kai-shek's agents in the Indian hill station of Kalimpong in the state of West Bengal. Although the Chinese had requested that the Indian government suppress these activities and expel the rebels, India had followed through half-heartedly. In March, following an uprising against Chinese rule in Tibet, the Dalai Lama fled to India. In pursuit of the Tibetan rebels, the People's Liberation Army (PLA) came up against the Indian army at Longju and clashes followed. In April 1960, Zhou arrived in New Delhi for talks with Nehru, which 'failed spectacularly' by all accounts.[19]

In November 1961, India launched a more overtly confrontational 'forward policy', which involved establishing military posts north of existing Chinese posts in the disputed territories in an attempt to cut off Chinese supply lines, and force a withdrawal. This approach was reinforced in April 1962 while China was reeling under the disastrous impact of its Great Leap Forward programme of economic reform and facing threats of a military invasion from Taiwan and from US involvement in a proxy conflict through Laos. By July, however, both the Taiwan and Laos challenges had been resolved to China's satisfaction and it focused its energies on countering India's forward policy. China attacked Indian positions in both the eastern and western sectors on 20 October 1962, much to the surprise of an ill-prepared Delhi. Nehru appealed to President John F. Kennedy of the United States seeking assistance, which the USA was quick to provide. Although an American carrier was dispatched to the Bay of Bengal, it was almost immediately recalled when China unilaterally declared a ceasefire and withdrew to the positions it had suggested from the beginning of the dispute. The war had ended in thirty-one days with a comprehensive victory for the Chinese.

1962–76: security dilemma

The Sino-Indian war is often cited as the watershed between Nehruvian idealism in Indian foreign policy and the stirring of pragmatic impulses during the leadership of Indira Gandhi. Nehru's faith in his diplomatic skills and in his ability to bring the Chinese around to a favourable settlement on the border through the forward policy was a drastic miscalculation. It opened the door for an overhaul of India's defence policy, its military planning structure, and an increase in its military expenditure. Nehru himself died in 1964, 'broken' by China's betrayal.[20] The period following the war saw India align more closely with the Soviet Union, which had already begun to split quite noticeably from China within the international Communist movement. China for its part began to follow through on the exploratory discussions it had with Pakistan in the previous decade. A major signal of Pakistani commitment was the settlement of the Sino-Pakistani border early in 1962, through which Pakistan ceded to China territory that India claimed in Kashmir. A modest programme of military transfers from China to Pakistan began in 1964.

The 1965 war between India and Pakistan was a litmus test of the already established USA–Pakistan relationship as well as the new Sino-Pakistani relationship. When the USA declared neutrality and blocked military transfers to both India and Pakistan, the latter turned to China for assistance and received it in generous amounts. Aside from military aid, one scholar also suspects significant Chinese influence on Operation Gibraltar, Pakistan's plan for an

attack on Indian Kashmir in 1965.[21] When war broke out, China came down heavily on the Pakistani side and threatened to open a front with India on the Sikkim border. Ultimately it required US intervention and a UN resolution calling for a ceasefire to discourage Chinese involvement.

The year 1964 also saw China conduct its first nuclear test at Lop Nor. This was the motivation behind India's subsequent attempts and success at Pokhran ten years later in conducting a 'peaceful' nuclear explosion. The period from 1965 to 1969 was one of tremendous tumult within China. Following the economic debacle of the Great Leap Forward in the late 1950s, Mao Zedong launched a campaign of social upheaval to consolidate his power within the Chinese Communist Party (CCP). This led to the Cultural Revolution, at the peak of which China's foreign relations with almost all but Pakistan were essentially eliminated.[22] With regard to superpower rivalry, from 'leaning to one side' in the 1950s (i.e. towards the Soviet Union), China adopted a 'dual adversary' foreign policy in the 1960s,[23] starting with the second Taiwan Strait Crisis of 1958. During this period India and China once again exchanged artillery fire in the eastern sector of their disputed border, in 1967.[24] China went to war with the Soviet Union in 1969. That same year China and Pakistan began coordinating the supply of arms, training, and funding to insurgents in the northeastern states of India, particularly in Nagaland, Mizoram, and Manipur—activities that China itself had been engaged in since 1962.[25]

As the Cultural Revolution subsided, the USA began a process of cultivating ties with China through Pakistan. During the 1971 unrest in East Pakistan, India faced tremendous pressure from both the USA and China not to intervene in Pakistan's internal affairs. This in turn drove India to seek a military alliance with the Soviet Union, and the 'so-called America-China-Pakistan versus Soviet-India alliance was established'.[26] From this point until the 1980s when Soviet foreign policies changed, particularly with the rise of Mikhail Gorbachev, India and China were on opposing sides of a global rivalry. Furthermore, superimposed onto this superpower conflict between the USA and the Soviet Union were the Sino-Soviet split and the Indo-Pakistan rivalry. In a world of chessboard diplomacy and geostrategic management, it was logical for China to ally with Pakistan during this time, completing this complex network of antagonisms.

The Sino-US rapprochement brought UN membership and a permanent seat on the UN Security Council for the PRC. India responded to China's new global status with a nuclear test in 1974, and the annexation of Sikkim the following year, provoking loud Chinese protestations. In 1976, China signed an agreement on nuclear cooperation with Pakistan (which was not acted upon until 1981).[27] Looking back at these fourteen years of the Sino-Indian relationship, two things are clear. First, both nations engaged in fairly

typical security dilemma behaviour. While India augmented its defence expenditures following the 1962 debacle, China tested a nuclear bomb in 1964, which prompted India to do the same ten years later. Both nations also sought alliances with each other's arch-rivals, Pakistan and the Soviet Union. If there was one actor that benefited from these developments, it was the United States, which was able to discomfit its superpower rival in Moscow by improving ties with China (which also unsettled India).

Second, although India and China engaged in security dilemma behaviour, it is unclear whether the intention behind the Chinese effort was to counter the Indian threat. During this period, China was much more preoccupied with the Soviet Union and the USA and likely saw India neither as a credible threat nor a foreign policy priority. Had it been more preoccupied with India, China would likely have moved sooner to guarantee nuclear weapons for Pakistan. The notion that India does not matter to China as much as China matters to India has been argued by, among others, Susan Shirk, who suggests that even the nuclear test of 1998 barely registered a reaction from China until the Vajpayee government propagated the 'China threat' idea.[28] Therefore, the lesson from the 1962–76 period is that while India and China acted as if they were motivated by the threat each posed to the other, the threat perception was much larger on the Indian side, having suffered a comprehensive and humiliating defeat at the hands of the Chinese in 1962.

1976–98: tentative rapprochement

Although a key Chinese signal to India for rapprochement went back to the 1970 'Mao smile' along with which the Indian chargé d'affaires in Beijing was told warmly by Mao that Sino-Indian relations should improve,[29] events such as the Indo-Pakistan war of 1971, India's nuclear test, and the annexation of Sikkim had to be digested before Indira Gandhi could reciprocate in 1976, when she restored full diplomatic relations between the two countries. Mao died in September 1976 and after a brief leadership struggle Deng Xiaoping replaced him in 1978. Soon after, China made it clear that it would no longer support insurgencies in India's northeastern states.[30]

This policy decision was in keeping with a wider paradigm shift in China's inward and outward orientation following Mao's death. While Deng undertook a programme of economic liberalization and began reversing the economic damage perpetrated at home during the Mao years, internationally China no longer attempted to foment Communist revolutions in developing countries or to antagonize the United States. Deng's new foreign policy, based on the principle of *Tao Guang Yang Hui* ('Hide Brightness, Nourish Obscurity'), prescribed a focus on building up domestic economic strength and disentangling the country from international conflicts. This represented a marked shift

from the heady days of Mao's militant internationalism and as a result, the Sino-Indian relationship underwent a slow but real transformation.

The process of rapprochement was, however, rather uneasy and vulnerable to temporary changes in international and bilateral winds, as well as more significant events at home and abroad. Indira Gandhi viewed the Chinese as having betrayed her father and her political predilection was to lean toward the Soviet Union as a counterweight against future challenges on the China front.[31] This naturally made genuine rapprochement difficult. During the brief interlude of the Janata government in 1979, Atal Bihari Vajpayee made a historic visit to China as India's Foreign Minister. Unfortunately, the visit coincided with the Chinese 'Pedagogical War' invasion of Vietnam and caused him much embarrassment. In the same region, India no doubt equated China's support for the Khmer Rouge regime in Cambodia as a counterweight to Vietnam with China's support for Pakistan vis-à-vis India.[32]

Renewed Chinese interest in resolving the border dispute with India was evident in 1980. A long dialogue process was initiated the following year, when Foreign Minister Huang Hua became the first Chinese leader since Zhou Enlai in 1960 to visit India. In 1982 Leonid Brezhnev made an important speech at Tashkent signalling the Soviet Union's desire for a Sino-Soviet rapprochement, thus removing a major potential constraint on the Sino-Indian rapprochement.[33] Around this time, China also decided to adopt a more balanced foreign policy between the two superpowers.[34] While these events created openings for Sino-Indian rapprochement, the border dialogue process initiated in 1981 turned sour during the course of the following six years, culminating in a large-scale military stand-off between India and China in the eastern sector at Sumdurong Chu in 1986–7. New Delhi did not help matters by changing the status of the North East Frontier Agency from a Union Territory to a State of the Indian Union called Arunachal Pradesh, thus providing stronger constitutional protection for the region.

The Sumdurong Chu impasse was eventually resolved and Rajiv Gandhi made a historic visit to China in December 1988. During his visit, he made two unprecedented concessions in Indian policy towards China. First, he reversed the decades-old stance that resolution of the border dispute was a precondition for the normalization of relations between India and China. Second, he admitted that some members of the Tibetan community residing in India were engaged in anti-China activities on Indian soil. This visit was followed by a flurry of high-level diplomatic exchanges during the early 1990s that involved Prime Minister Li Peng in 1991,[35] President R. Venkataraman in 1992, Prime Minister Narasimha Rao in 1993, and President Jiang Zemin in 1996. Cumulatively, these visits resulted in new agreements to cooperate on the border issue and expand cooperation in other areas.

Thus, the period from 1976 to 1998 saw initial steps being taken by India and China to mend their relationship after the fracture of 1962. While domestic changes in China permitted a less hostile and introverted Chinese approach to international relations, India found the growing Sino-Soviet rapprochement to be advantageous in attempting to resolve the border dispute permanently. While this proved too ambitious, the bilateral interactions of the 1980s and early 1990s created a foundation for future cooperation and the institutionalization of efforts to find a permanent settlement to the border dispute.

1998 onwards: the age of uncertainty

Following India's nuclear tests of May 1998, Prime Minister Atal Bihari Vajpayee wrote to US President Bill Clinton in a letter that was leaked by Washington:

> We have an overt nuclear weapon state on our borders, a state which committed armed aggression against India in 1962. Although our relations with that country have improved in the last decade or so, an atmosphere of distress persists mainly due to the unresolved border problem. To add to the distress that country has materially helped another neighbour of ours to become a covert nuclear weapons state.[36]

Ten days prior to the tests, Defence Minister George Fernandes had declared China 'potential threat number one' in an interview.[37] Moreover, as if to exact payback for Vajpayee's embarrassment over China's Vietnam invasion during his visit in 1979, the first tests occurred soon after the New Delhi visit of a senior member of the PLA, General Fu Quanyou, even before he returned to Beijing.[38]

The message to China seemed loud and clear. Nevertheless, after some strident criticisms of the nuclear tests, China did not waste time in resuming relations with India. Unlike the USA, it did not press for sanctions on India.[39] One scholar has argued that this shows China's relative lack of concern about India as a security threat.[40] Another counters this, arguing that the Chinese lack of concern was 'feigned indifference' and that 'China views India very much as a potential challenger, albeit a lower-order threat, but recognizes that only benefits accrue from its consistent refusal to own up to this perception'.[41] An alternative explanation is that China was heavily invested in its domestic affairs and therefore could not afford to antagonize a neighbour (as Deng's philosophy would suggest). Another suggests that China and India simply do not view nuclear weapons as realistic instruments of war and rely on them much more as 'strategic insurance against extreme threats and a symbol of their own aspirations in the international system'.[42] The fact that China's

nuclear weapons stockpile far outweighs India's in quantity and reach might also explain China's limited overt concern over India's second round of nuclear tests.

Explanations of China's indifference aside, the relatively subdued reaction to India's nuclear tests (followed by Pakistan's own tests only a few days later) allowed the Sino-Indian rapprochement to continue on an upward swing. A critical test was the Kargil conflict between India and Pakistan in 1999, during which Indian Foreign Minister Jaswant Singh visited China and was assured of Beijing's neutrality in the conflict, much to the satisfaction of Indian leaders.[43] Indeed it has been widely observed that China's statements on the Kashmir issue and on India–Pakistan bilateral conflicts in general since the 1990s advocate their resolution bilaterally. This is a marked change from China's stance during the Indo-Pakistan wars of 1965 and 1971.

The new millennium saw the resumption of high-level diplomatic exchanges despite intermittent flashpoints in the relationship. Indian President K. R. Narayanan, who had been the first Indian ambassador to China in 1976 after the resumption of diplomatic relations, visited Beijing in 2000 to commemorate fifty years of diplomatic relations between the two nations. Early that year, the seventeenth Karmapa, considered the third most senior cleric by many Buddhists, fled from Tibet to India against the wishes of the Chinese Government. Nonetheless, Li Peng visited India again in 2001, followed by Premier Zhu Rongji in 2002. In 2003, Prime Minister Vajpayee visited Beijing, more than two decades after his first visit as Foreign Minister. In 2005, Premier Wen Jiabao made a historic visit to Bangalore (not New Delhi, in pointed recognition of China's desire to partner with India's information technology sector). During this visit, China recognized Sikkim as a part of India and seemed to acquiesce in India's bid for a permanent seat in the United Nations Security Council (although recent events have belied this understanding).[44]

The following year, 2006, was declared 'India–China Friendship Year' and involved a year-long exchange of dignitaries and cultural events between the two nations. A significant symbol of friendship was the reopening of the Nathula trading pass on the Sino-Indian border in Sikkim. Overall, cooperation has steadily increased in trade, growing from US$117 million in 1987 to almost $42 billion in 2008–9,[45] and defence, with India and China hosting their first ever joint military exercises in December 2007. In fact, in 2009, India–China trade overtook India–USA trade in value,[46] making China India's top trading partner. In January 2008, Prime Minister Manmohan Singh visited Beijing and reaffirmed with President Hu Jintao and Premier Wen Jiabao a 'shared vision on the 21st century'.[47] In December 2008, China and India jointly conducted 'Joint Hands-2008', an army counterterrorism exercise.[48] Recently, building on the cooperation witnessed at the December 2009 Copenhagen Climate Change Summit, and coinciding with the sixtieth

anniversary of the establishment of diplomatic relations, Indian President Pratibha Patil paid a 'very positive and fruitful' visit to Beijing in May 2010 (the first visit of an Indian head of state to China in a decade).[49]

That said, India–China diplomacy is more easily managed in the highly controlled environment of Beijing than it is in Delhi, where raucous media and parliamentary complaints about comments by the Chinese ambassador on border issues marred the run-up to President Hu Jintao's visit in November 2006.[50] Irritants continue to plague the relationship, notably the border issues (which are often unhelpfully marred by jingoistic media reporting on both the Chinese and Indian sides).[51] In 2007 China refused to grant a visa to a government official from the Indian state of Arunachal Pradesh, which constitutes part of China's territorial claim in the eastern sector, on the grounds that he was already a Chinese citizen. The official was part of a group of 107 officers scheduled to visit China on a study tour. In retaliation, the Indian government cancelled the entire visit.[52] In 2008, Prime Minister Singh invited Chinese displeasure by visiting Arunachal Pradesh and President Pratibha Patil's recent visit to the state and to Tawang, a site of confrontation during the Sino-Indian war of 1962, aroused similar complaints.[53] Chinese opposition to use of an Asian Development Bank loan to India for projects in Arunachal Pradesh revived tension between the two countries in August 2009 that the new Indian Foreign Minister S. M. Krishna sought to diffuse by announcing that India would henceforth raise funds for economic development of that state internally.[54] China also exhibited anxiety over the Dalai Lama's visit to Arunachal Pradesh in late 2009.[55] Moreover, India's concerns regarding the provision of stapled visas by Beijing to passport-holders from Jammu and Kashmir and Chinese-assisted construction in Pakistani Kashmir were subjects of discussions during S. M. Krishna's recent (April 2010) visit to Beijing.[56]

Conflict and cooperation

Starting with a common anti-imperialist bond that led to ideological competition for Third World leadership, the Sino-Indian relationship initially suffered a deeply wounding armed conflict for India, a long period of mutual insecurity, an even longer period of tentative steps towards rapprochement that was very much at the mercy of events, before finally developing into a more stable relationship anchored in expanding economic ties. Engagement between the two nations today is deeper than ever, yet many concerns remain. As mentioned earlier, these concerns coalesce around one central question—will there be conflict or cooperation between India and China in the future? And can there be a relationship that features both?

The prospect of conflict

At base of most conflict-related theories of the Sino-Indian relationship is the notion that two rising powers with rapidly growing economies and global ambitions cannot coexist cooperatively in the close quarters of the Asian region. Measured in yuan, China's estimated military expenditure increased by 14 per cent compounded annually from 1989 till 2007. Measured in rupees, India's military expenditure increased by 11 per cent annually during the same period.[57] It would appear that both are increasingly capable of expanding their regional spheres of influence. Where overlap occurs, there is competition, as in the case of Nepal and Myanmar, where China and India have historically competed for influence and trade ties. India's 'Look East' policy dating back to 1992 is also cited as an attempt to ward off Chinese influence in Southeast Asia (although it can also be interpreted in part or wholly as a policy seeking to make up for lost time with important, neglected neighbours).[58] Ultimately, as their respective regional influence expands, Ashley Tellis argues: 'their power-political capabilities will inevitably compel China and India to interact in other sub-regions [of Asia], either to secure access to resources or to forestall the other from acquiring preponderant influence'.[59]

Standard realist accounts of the relationship view China as unwilling to permit the emergence of India as a power beyond the South Asian region. In the past China has taken the necessary steps to build alliances with countries in the Indian periphery, including Myanmar, Nepal, Sri Lanka, Bangladesh, most notably Pakistan, and most recently Afghanistan.[60] Combined with the Chinese presence in the Indian Ocean region, this has contributed to a significant concern in Indian policymaking circles over perceived strategic 'encirclement' by China.[61] With domestic politics absorbing more of its decision-making bandwidth, India has been cautious, and, in all but naval matters, circumspect about countering this strategy, knowing that China itself worries about potential encirclement—by a configuration of states including the USA, Japan, Australia, and India. India continues to follow a 'one China' policy favouring the PRC over Taiwan, despite growing informal relations with the latter and even reports of greater inter-military exchanges.[62] India rejected membership of ASEAN as early as 1967, accurately seeing it as a US-influenced forum but underestimating its eventual significance. It was only three decades later that India sought to engage seriously with that body, culminating in a limited Free Trade Agreement in 2009. India's Look East policy launched in 1992 translated a serious attempt conceptually to correct the drift in India's approach to Asia beyond China and its immediate neighbourhood, and as a result economic relations with Singapore, Vietnam, and Indonesia have been growing substantially. Yet India has refrained from seeking out strategic alliances in either the East Asian or Southeast Asian regions that could counter or

qualify Chinese influence. For example, its relationship with Japan, much touted by Prime Minister Singh, still seems curiously anaemic, both politically and economically.

At the bilateral level, potential conflict could arise under any of the following headings: security, economy, and identity (or perceptions).

Security concerns

Security concerns are numerous. First, the Sino-Indian border dispute is one of the world's longer-running ones. Despite various high-level talks and working groups, occasional actions by either side tend to rake up decades-old grievances. Second, the long-standing relationship between China and Pakistan remains an obstacle to closer ties between China and India. China's unwavering support for Pakistan, despite ideological differences and Pakistan's strategic relationship with the US, has mystified some observers although it offers impeccable logic under balance-of-power principles. Scholars have variously labelled it a 'special case',[63] 'in a category of its own',[64] and a relationship of 'a truly special character'.[65] China's assistance to Pakistan has even entered the realm of nuclear and missile technology.[66] This is of particular concern to India, and overlaps with another security concern—nuclear weapons. It is generally accepted that India's nuclear weapons programme was a response to China's nuclear programme, and Prime Minister Vajpayee's letter to President Clinton in 1998 underscored this assessment. Given Pakistan's covert nuclear ability, likely aided by China, the current situation has the potential to escalate into a mini (albeit highly unequal) nuclear arms race on the subcontinent. That said, following the Mumbai bombings of November 2008 and subsequent setbacks for the civilian Pakistani government in its efforts to contain Islamist influence in the country, it would be surprising if Beijing were not privately developing a degree of wariness vis-à-vis Islamabad, as its own Xinjiang region seethes, and as its fear of terrorism persists.[67]

A fourth and significant issue is Tibet. As pointed out by parliamentarian and author Arun Shourie, 'India's security is inextricably intertwined with the existence and survival of Tibet as a buffer state and to the survival and strengthening of Tibetan culture and religion.'[68] Tibet's role as a buffer state has often been emphasized; without it, China and India brush up directly against each other, with the kinds of results witnessed in 1962, 1967, and 1986. Indian policymakers are particularly concerned about leaving their northern borders exposed.[69] Others have also highlighted the ancient cultural ties between India and Tibet and resentment in India towards the Chinese government's role in the systematic erosion of a culture deeply influenced by Indian traditions.[70] Nonetheless, for India, the Chinese role in Tibet is both a threat and an opportunity. The presence of the Dalai Lama and thousands of

Tibetan refugees in India sometimes offers a lever by which New Delhi can, akin to China's policies toward Pakistan, indirectly apply pressure on Beijing.[71] This lever is not often used, however, as India's position on Tibet over the last six decades has moved firmly toward acknowledging Chinese sovereignty over it. In 2008, the Indian government took great pains to ensure that Tibetan protestors did not cause any embarrassment to Beijing during the passage of the Olympic Torch through New Delhi.[72] Contrastingly, at the height of tensions between both countries over border issues during autumn 2009, a visit by the Dalai Lama to the Buddhist temple community in the disputed Tawang, nestled in northwestern Arunachal Pradesh, could only have been perceived as provocative by Beijing.[73] Thus, although India accepts China's sovereignty in Tibet, future radical action by disaffected Tibetan groups operating from Indian soil could severely complicate the bilateral relationship.[74]

Perhaps the biggest challenge to Sino-Indian rapprochement, but also a source of forward impetus, has come from the rapidly improving US–Indian relationship, particularly during the Bush administration's second term in office between 2005 and 2009. During this time, India and the USA enlarged the scope and depth of their relationship, most notably in the form of the 123 Nuclear Agreement, which legitimized India's nuclear weapons programme and, to a degree, validated in its own case Delhi's long-standing principled opposition to the global non-proliferation regime. While a much improved relationship with the USA has helped India to counter the traditional pro-Pakistan tilt in US foreign policy, it has also made Sino-Indian rapprochement a greater priority for Beijing.[75] This contains echoes of the impulse behind Chinese overtures towards India in the 1970s, which were made partly with an eye to diminishing Indo-Soviet cooperation. As the global contest for power between the United States and China intensifies, India may well become an important factor in this strategic triangle.

In the post-Cold War era, as the USA has attempted to consolidate its status as the lone superpower, China has been poised increasingly as the most significant challenger to US hegemony. Contemporary US approaches to China oscillate between policies of containment and engagement. The former has given birth to 'a new triangle' between the USA, India, and China, whereby the USA cultivates closer ties with India—an established democracy—as a regional bulwark against a potentially aggressive and communist China.[76] On the other hand, the Obama administration's approach to China has fuelled the debate between containment and engagement enthusiasts in the US foreign policy establishment, many arguing that Washington does not have much choice but to engage, given its precarious financial situation, and China's position as holder of significant US sovereign debt (admittedly a two-edged sword). Indian commentators

have observed with some alarm renewed cooperation between China and the USA in tackling the global economic crisis, as well as increased interdependence of Chinese creditors holding large amounts of US Treasury Bills and the US debtors providing the single largest market for Chinese manufactured goods. This has prompted some to question the logic of India picking a side in the unpredictable Sino-US relationship.[77]

Sanjaya Baru, for example, writes that: 'the Bush-Rice doctrine of containing China is being replaced by the Obama-Clinton doctrine of co-opting China to deal with the economic crisis.'[78] Indeed, the best-case scenario for the new Indo-US relationship would appear to be an interests-based balancing act for India between the USA and China. At worst, India could be looking at conflict with China in the medium term or being left out in the cold as the USA and China become closer. But geostrategic calculations, like the assertions of pundit economists, generally yield to a messy reality in which clear-cut outcomes are the exception and confident expectations are often confounded. Thus, India's hitherto prudent policy of measured engagement with all of the major powers is more likely to pay off than bold (and consequently risky) moves it can ill afford financially to support at a time when domestic necessities continue to preoccupy its people and its politicians. It may well be that India's rise will occur in relative isolation, as did China's while it tended to its economic priorities, rather than in close partnership with one or several allies among the existing greater powers.

Economic concerns

With regard to economic competition, there are three main areas in which China and India may conflict. The first is their quest for energy security. China and India are both net importers of crude oil that are also looking to diversify their energy supply via natural gas. This has the potential to cast them in direct competition for natural resources from Central Asia and the Persian Gulf. The second is China and India's equal interest in the factor and product markets of developing countries, particularly in Africa. Both nations account for almost 50 per cent of Africa's exports to and imports from Asia.[79] The prospect of economic competition and the struggle for political-economic ties with African governments could set off a frenzy for resources and markets in the region. The third area is international trade. China and India compete in export markets for many products such as textiles, garments, leather goods, and light machinery.[80] China's accession to the WTO could potentially have long-term adverse consequences for the growth of Indian exports in these sectors. Econometric analysis shows that reductions in US tariffs on Chinese imports have led to trade diversion from India.[81] China's better and growing integration into global production networks of manufactured goods could

have negative implications for India's exports, although India has excelled mainly at trade in services in the recent past. Between 2002–3 and 2006–7, services contributed to 69 per cent of the overall average growth in GDP.[82] Indeed, Prem Shankar Jha notes, '[w]hereas China has become the manufactory of the world, India is rapidly acquiring a comparable position in the emerging global services industry'.[83]

Identity and perceptions

On issues of identity, there is a very clear sense in both countries that their civilizational greatness contributes to great power status and entitlement thereto. One scholar suggests, 'The relations between China and India in the twenty-first century would seem to have little relevance to the ancient past. Yet leaders in both states since the 1950s . . . have been convinced of the historic destiny of their own nations to achieve great-power status'.[84] In his budget speech of 1991, then Finance Minister Manmohan Singh borrowed a phrase from Victor Hugo to assert that the emergence of India as a world economic power is 'an idea whose time has come'.[85] China has often been characterized as retaining the Confucian ideal of being 'the Middle Kingdom' around which international relations ought to be ordered.[86] This is compounded to an extent by the 'Century of Humiliation' notion fuelling Chinese nationalist mythology, extending from the First Opium War till the creation of the PRC, and featuring serial national humiliations at the hands of foreign imperialist powers, especially Japan.[87] A significant strand of Chinese foreign policy since 1949 has thus focused on reasserting China's civilizational greatness on the international stage to overcome these distasteful memories.

These parallel discourses of inherent historical and contemporary greatness, often reiterated in public exchanges between leaders of both countries, point to self-perceptions that may prove difficult to reconcile in day-to-day relations: perceptions of each other are somewhat problematic. A 2006 Pew Global Attitudes Survey found that 43 per cent of Chinese had an unfavourable opinion of India, while 39 per cent of Indians had an unfavourable opinion of China; 63 per cent of Indians also said that China's growing military power is a 'bad thing' for their country, while 50 per cent said the same about China's growing economic power. At the same time, 65 per cent of Indians said that China would replace the USA as the dominant power sometime in the next fifty years.[88] China's rise thus seems to pose a threat, as perceived by many Indians. Paranoid public opinion is one thing; more egregious is the Indian foreign policy establishment's perception of the 'China threat'—a self-fulfilling prophecy if carried to its logical conclusion. An eminent Indian foreign policy analyst describes India's China policy as standing on three legs: 'say nice things in public about Sino-Indian

friendship, Asian unity and anti-Western solidarity; nurse intense grievances in private; and avoid problem solving because that would need a lot of political courage.'[89] Another author suggests that within government circles, perceptions of China range from 'enemy' to 'challenge',[90] which undoubtedly constricts the space for creative policymaking.

But is conflict likely?

The arguments presented above, when taken together, can seem compelling. There are, however, some equally (if not more) compelling reasons not to support their implication that conflict is likely. On security, while the border issue remains unresolved, both sides have taken meaningful steps to institutionalize the process of its resolution. Most importantly, since 1988 they have managed to de-link the border issues from the overall bilateral relationship.[91] With regards to Pakistan, China has adopted a more even-handed stance. During the Kargil war in 1999, the attack on the Indian Parliament in 2001, and the 2008 terrorist attacks in Mumbai, China asserted neutrality and promoted the resolution of conflict through dialogue. The current Chinese stance can be summed up in the words of Zhang Yan, China's Ambassador to India: 'China hopes India and Pakistan will resolve their differences through dialogue and consultation, which is in the interest of both countries as well as in the interest of peace, stability, and development of the South Asia region.'[92] These apparent palliatives represent a marked change from the pronounced pro-Pakistan tilt in Chinese policy towards South Asia during the 1960s and 1970s. The underlying logic is that Pakistan's growing instability (with domestic consequences for China) and India's growing power compel China to take a middle path: 'It [China] does not want to have to choose between a long term ally . . . and an increasingly important neighbor.'[93]

Terrorism, notably Islamic terrorism, is an issue on which Indian and Chinese interests have converged, particularly in the sensitive regions of Kashmir and Xinjiang.[94] With regard to military and nuclear issues, the prospect of conflict is diminished by the sheer gap in capabilities between China and India. Although India's military and naval capabilities are rapidly improving, 'India's elite understands profoundly that New Delhi would gain little from direct confrontation with Beijing'.[95] This thought was echoed recently by India's Naval Chief who said it would be 'foolhardy' for India to try to compete with China economically or militarily.[96] Similarly as regards the growing regional influence of both powers, neither China nor India stands to gain from sparking a regional conflict. Both nations are deeply engaged in the domestic sphere: generating economic reform, maintaining state legitimacy, and tackling ethno-nationalism, among other things. International entanglements that distract them from these objectives are not

welcome. Even the ostensible machinations of the USA in the region have done little to hamper the current upswing in Sino-Indian relations. Meanwhile, India's growing relationship with the USA has convinced an internally oriented China of India's potential, thus creating an opportunity for India to improve relations with China.[97] In some key international forums, including those addressing climate change, trade, labour laws, arms control, and human rights, China and India have found common ground in countering Western positions.

On the economic front, growing trade relations between India and China are likely to impact relations positively. One analyst sees great potential in the 'low politics' of trade, which often goes unnoticed, in fostering greater coordination between the two nations that might spill over into other realms.[98] On energy, the chances of competition are at present minimal. In sharing the common predicament of being net energy importers, both countries have relied on market mechanisms over temptations of a strategy hinging on exclusive access to supplies.[99] This has allowed them to collaborate in shoring up unstable markets in Central Asia and the Persian Gulf, securing sea-lanes as delivery channels, and participating in consortiums for exploration and extraction rights in certain areas. In January 2006, India's Oil and Natural Gas Corporation (ONGC) and the China National Petroleum Corporation (CNPC) decided to bid jointly for energy projects in some regions. With regard to commercial competition in Africa, currently the major exports from Africa to China and India (oil and natural gas to China, ores and metals to India) are almost mutually exclusive and therefore do not constitute an arena for competition. Similarly in international trade, although China's entry into WTO may negatively impact some of India's export markets, the top twenty-five exports of China and India in 2004 were almost mutually exclusive sets, suggesting that the impact on India would be minimal.[100] A simulated model of China's impact also suggests that other sectors of Indian exports will likely expand to partially offset declines in India's relative economic welfare.[101] Finally, while contemporary reliance on oil and gas for the bulk of energy supplies is an unavoidable preoccupation for governments worldwide, and alternative energy technologies still yield expensive if promising results, India and China both harbour the potential to produce and benefit from significant advances in non-conventional energy generation. Necessity and scientific capacity may well prove mothers to much invention on this front within their borders.

Lastly, on issues of identity, it is possible to misread China's and India's claims to great power status as fertile grounds for regional conflict rooted in nationalism. Although China essentially has achieved great power status, its foreign policy is notably and pointedly oriented towards maintaining regional stability and creating conditions for China's 'peaceful rise'.

According to one scholar, 'China is a revisionist power, but for the foreseeable future it will seek to maintain the status quo.'[102] Chinese elites may be suspicious of multilateral organizations, but they are willing to work within them to advance national interests. Indeed, China's new diplomacy is 'less confrontational, more sophisticated, more confident, and, at times, more constructive' in its approach to regional and international affairs.[103] At the domestic level, modern Chinese nationalism has been called 'pragmatic', it is instrumental and reactive, preoccupied with holding the nation together rather than being hostile to others.[104] China's leaders are acutely aware of the costs of turning the patriotism of their citizens into 'virulent ultranationalism'.[105] Moreover, Chinese nationalism has often been a challenge in its relations with Japan, one of China's largest sources of investment and assistance in the past when it needed it most, and which also harbours a strong nationalist lobby and sentiments.[106]

Contemporary Indian politics and foreign policy evince a similar pragmatic strain. In stark contrast to Nehru's idealism, India today is not as convinced of its uniqueness in the annals of history and prefers to cast itself officially as an ordinary, if significant, nation tending to its economic development imperatives, rather than as one obsessed by the quest for great power status. This approach has favoured the normalization of traditionally antagonistic relationships with neighbouring countries and a greater commitment to international institutions that might legitimize India's emerging power status. Economic prosperity is now seen by most Indians as the key to India's attainment of great power status in the world today, and it is the driving force of India's pragmatic (if excessively lethargic, in the view of its critics) foreign policy. Although India may be an idea whose time has come, even Dr Singh framed India's great power ambitions in strictly economic terms, excluding any aspirations of being an exemplary civilization or paragon of international virtue.

Extrapolating from the past

In assessing the arguments supporting scenarios of conflict and cooperation respectively, the unconnected nature of China and India's rise as great powers is striking. Bilateral trade, while growing fast, still forms a small share of overall trade in both countries. Major strategic partnerships have been made with third parties, including Pakistan and the United States. Societal interaction between the two nations is still negligible although tourism is growing and human interaction relating to the growing trade between the two countries is also increasing. Direct flights between India and China began only in 2002.[107]

In 2007, the two nations with a combined population of over 2 billion exchanged a paltry 570,000 visitors.[108]

Even if China and India truly yearned to be post-imperialist brothers-in-arms and champions of the developing world, two major constraints will hold them back for some time. First, until very recently, there was a remarkably poor overall understanding among their respective foreign policy circles of each other's history and society. Especially with regard to Indian understanding of Chinese foreign policy, many assessments occupy a conceptual space bounded by 1962 with no deeper understanding of (or interest in) the drivers of Chinese policy today. In the words of a former Indian Army Chief, 'though much water has flowed down the Tsangpo since then [the Sino-Indian border war], India's ''1962 syndrome'' is unaltered'.[109] The bounded rationality of India's China policymakers is compounded by the insufficient academic attention paid to China in India. As Indian foreign policy analyst Raja Mohan states, 'The number of Chinese scholars studying the subcontinent and the reporters based in India is far higher than the pitiful Indian resources devoted to understanding China.'[110] Sophisticated, up-to-date analyses of the China–India relationship are often drowned out in domestic Indian debate on China by revanchist sentiment.[111]

Second, a factor that contributes to the first: the modern history of Sino-Indian relations has been less about China and India than it has been about extraneous actors such as the United States, Soviet Union, and Pakistan, and multilaterally managed issues such as non-proliferation and climate change. There has been little effort until very recently to engage an in-depth widely-gauged Sino-Indian dialogue. And such dialogue needs to eschew fantasies about purported similarities between China and India. India and China are probably today more different than they have ever been as societies and as economies. The main similarity they share is their parallel pursuit of domestic consolidation with international pragmatism tending towards great power status as foreign policy.

Long-term trends in China and India's development are unlikely to bring the two countries closer to conflict with each other relative to the greater risk posed by unpredictable specific events or incidents that might act as triggers. It is important for both to identify and recognize these potential triggers, in order to defuse or at least manage them. From an Indian perspective, a keen sense of history and an understanding of state–society relations in China are important. For example, one important factor is domestic sub-nationalism that afflicts both China and India, but with different characteristics and consequences. India has survived as a polity and society by cobbling together a sometimes conciliatory, often weak political and security response to various insurgencies and separatist movements, but China still very much relies on the heavy hand of the state to suppress such uprisings, as evinced in Tibet in

2008 and Xinjiang in 2009. Ethnic unrest in China's peripheral territories, possibly inviting foreign involvement, has historically been a major vulnerability for the Chinese state, be it in Xinjiang, Tibet, Taiwan, Manchuria, or Mongolia.[112] At times like this, the legitimacy of the Chinese Communist Party (CCP) leadership can be questioned and thus it may perceive itself as modestly threatened, and it has resorted to nationalistic appeals to reassert its hold on the polity. Tibet, therefore, could conceivably (although not likely) ignite a future Sino-Indian conflict, not because of its strategic value but because of the ability of a future well-organized Tibetan revolt to irk the Chinese leadership into demanding unreasonable concessions from India.

Similarly, changes in China's economic fortunes might provoke a nationalistic turn in its foreign policy. Although the leadership since Deng Xiaoping has exhibited pragmatic tendencies, seminal events like the Tiananmen demonstrations or recent events in Xinjiang can always empower nativists, who prefer 'a closed-door foreign policy and a reign of virtue domestically'.[113] Even modest developments in this direction within China could cause major setbacks to bilateral relations with India, and might require only the spark of a serious border incident to ignite larger confrontation (diplomatic and possibly even military).

It is widely thought today that the Chinese state's legitimacy, since Deng Xiaoping's reforms, hinges fundamentally on its economic performance. The state sees its responsibility primarily in satisfying the economic needs of its citizens, and most citizen protests are framed in terms of economic rights.[114] The spectacular performance of the Chinese economy forms a solid foundation for the legitimacy of its political system, which is essentially authoritarian (with some democratic trappings like local elections). Therefore a sustained economic downturn (relative to past performance) or the relatively better economic performance of a developing democratic country nearby might pose a medium-term slow-moving threat to the legitimacy of the Chinese state. Such a threat seems remote today (although sometimes exaggerated in Indian defence establishment analyses of Chinese developments), but, if it materialized, it could seriously undermine relations between India and China.[115]

Conclusion

In August 2010, by some measures, China overtook Japan as the world's second largest economy.[116] The working assumptions of many analysts are rooted in a vision of uninterrupted future rise of both India and China. From his vantage point in Singapore, Simon Tay notes: 'Too many commentators discuss China and India with breathless admiration—extrapolating, for example,

that growth will continue at a breakneck pace for decades.'[117] Caution is indeed in order. India in mid-2010 was facing a seriously deteriorating balance of payments and rising inflation (notably in the sensitive sphere of food prices) while China has yet fully to digest the very ambitious recent internal investment in its economy and could be facing serious bottlenecks, not least in the absorptive capacity of its international clients, potentially slowing down its growth in years ahead. Demography could play against rather than in favour of either or both. And each faces challenges of environmental degradation, growing economic inequality, and rising social inequity.

While there can be no certainty with respect to either possible future conflict or sustained cooperation between India and China, the likelihood is a mix of security-related tension and economic cooperation. Outright war is highly unlikely—both sides have too much to lose. But the two nations will continue to rub up against each other, with unpredictable outcomes, as they seek to expand their respective spheres of influence. As the success of India's democratic experiment becomes entrenched and is bolstered by strong economic growth, and as the United States invests more in its new partnership with India, Beijing will increasingly have to factor Delhi into its strategic calculations in Asia and beyond. Similarly, as the Chinese economy grows and the nation's military (especially naval) capacities increase, India will increasingly have to factor a growing Chinese presence in its own neighbourhood into its own strategic calculations.

In 2010, China's controlled, low valuation of the renminbi came under attack from the United States, competing emerging powers, international economic organizations, and myriad commentators as fuelling international economic imbalances and tensions. Beijing's great reluctance to allow more than symbolic adjustments to its exchange rate suggests the risks China's leadership believes the country (and presumably the regime itself) runs were its economic growth rate to slow significantly. At times, China's international messaging was shrill. New perceptions of a China rising arrogantly, rather than mostly in harmony with its neighbours, were compounded by its harsh response to Japanese arrest of the captain of a Chinese trawler near disputed, Japanese-administered islands on 7 September 2010. Fears among less powerful Asian states of a China turned more aggressive in years ahead do not create a strategic advantage for India as much as a reminder of how important an Asian regional actor the United States has been and many Asians hope will remain.[118] But they do remind Asians, at a time when traditional US intentions and capacities in Asia cannot be assumed as constant far into the future, of why they will increasingly wish to engage meaningfully with India, the one resurgent Asian power whose overall weight comes close to rivalling that of China.

Active management of the relationship can help to anticipate and defuse potential sources of conflict. Therefore these important nations need to increase efforts to understand each other's domestic socio-economic and political systems. A dialogue process that acknowledges differences instead of emphasizing imagined similarities is likely to lay the foundations for better mutual understanding. By institutionalizing a bilateral relationship that goes beyond high-level exchanges and diplomatic visits, both sides might be able to transform public perceptions. Patterns of cooperation already established on multilaterally managed issues such as climate change and trade, if further developed by both nations, could help to create new areas of sustained cooperation within an emerging new global multilateral system, in which both have a much greater role to play.

This will be a vital relationship for students of international relations to chart in years ahead. A lot depends internationally on the ability of these 'two tigers to share the same mountain'.[119]