

India and China: Regional Competitors towards a Cooperative Relationship

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Abstract

The paper analyzes that after decades of bitter relations, both China and India now see each other as an opportunity rather than a threat. It has been observed that mutual suspicion remains on a variety of geostrategic and security issues, making both wary of each other's economic and military growth. However, driven by the changing international trends, India and China recognized the need to cooperate in the long-term interest of global and regional peace and stability as well as for their own economic prosperity. Methodology used in this paper is descriptive and analytical, as to describe the developments and then analyze in the context of reasoning. It is concluded that driven by converging interests in significant areas, the two countries are surely to avoid direct and open conflict. Thus, the foundation of process of rapprochement is laid down and convergence of interests would outweigh their differences.

Keywords: India, China, Cooperation, Conflict, South Asia

1. Introduction

Following the end of the Cold War, a great transformation has taken place in the politico-strategic and economic milieu of the world politics. The disintegration of the Soviet Union changed the contours of international and regional power configurations. The world power structure became unipolar and globalization of the international political economy gathered pace. These shifting trends in turn had a great effect on the bilateral and multilateral relations of a number of states. Realignments and readjustments, at both regional and international level, took place. Driven by the changing trends in international environment, India and China recognized the need to cooperate in the long-term interest of global and regional peace and stability as well as for their own economic prosperity. Both adopted an independent and bilateral approach towards each other and it laid down the foundation of process of rapprochement.

China and India are the largest Asian states, great military powers of the region, major economies and the largest emerging markets in the region. Together India and China contain over a third of the world's population. Thus, their future prosperity, security and progress, in this interdependent world can critically alter the fate of Asia and the world.

The Sino-Indian relations have witnessed profound upheavals over the past five decades. The two neighbours have put aside their decades old border dispute and frosty relations as their vested interests in bilateral trade and investment relations take over. Despite the positive developments in the last two decades, the relations remain as complex as ever. Although India and China are cooperating in number of fields, like trade, security, the War on Terrorism, energy, etc, but the suspicion and distrust still remains on both sides. Both are also wary of each other's moves and developments in fields of military and defence. Now the questions arise in everyone's mind that why the two important regional players and rivals have entered into cooperative relationship? What will be the nature of rivalry and competition between the two neighbours? What impact the nature of these relations would have on the balance of power situation in the region?

2. Historical Background

In the last sixty two years the Sino-Indian relationship has undergone a remarkable transformation. During the first fifteen years of relations the friendship between India and China rose impressively to the heights of *PanchSheel* but the bilateral relationship took a turn for the worse after the 1962 Border War.

However, following the Indian Prime Minister Rajiv Gandhi's visit to China in December 1988, the Sino-Indian relations were marked by a new phase of rapprochement and by readjustments in 1990s (Garver, 1996:345). The Indians remained neutral during the Chinese Civil War (1945-49), and after the war India was the first country in non-communist bloc recognizing China and establishing diplomatic relations. Chinese on the other hand, initially, considered the government of India a stooge of the imperialist powers of the west for being the member of the commonwealth and for its relations with the United States (Jain, 1960:6). The Indian support to China in the Korean War brought the two neighbours closer. Steadily, but surely, Nehru's approach produced a favourable political climate for establishing cordial relations between them. During the early 1950s phase of 'Hindi-ChiniBhaiBhai', the territorial claims were overlooked as both countries were more concerned about their security issues. The Indian Prime Minister Nehru urged on the relations with China by favouring it in the United Nations and international conferences. He also urged the foreign ministers of Commonwealth countries at the Colombo Conference of January 1950, to recognize the People's Republic of China (PRC) (Choudhary: 1975: 148). China reciprocated the friendly gesture

Although the two countries established friendly relations but they had a conflict of interest in Tibet, a geographical and political buffer zone where India had inherited special privileges from the British Raj. The People's Republic of China was recognized by India in October 1949. China perceived India's strengthening of border defences in Ladakh in 1948 and Sikkim in 1949 "as a threat to Tibet and its vulnerable Western link to Chinese Sinkiang."(Rasgotra & Chopra,1997:173). Thus, Chou Enlai reiterated Chinese government's determination "to liberate the people of Tibet and stand on guard at the Chinese front" (Rasgotra& Chopra: 173). In spite of the diplomatic pressure from India, China forcefully reasserted its control over Tibet in 1950.

Indian Prime Minister Nehru and his Chinese counterpart Zhou Enlai, on 29th April 1954, signed the historic eight year Agreement of Trade and Intercourse between the Tibet region of China and India. India undertook to withdraw within six months the military escorts stationed at Yatung and Gyantse under the 1904 Anglo-Tibetan Convention (Bhatty, 1996:148). Thus, under this agreement "India gave up all the extra-territorial rights on Tibet believing that the question of boundary had been settled by custom, usage, tradition and international law" (Bhatty: 148) and agreed that Tibet was a region of China. This Agreement became the basis of China-India relations. Most significantly, the preamble of this agreement enunciated the *Panchsheela* – the Five Principles of Peaceful Coexistence, which were: Mutual respect for each other's territorial integrity and sovereignty, Mutual non-aggression, Mutual non-interference in each other's internal affairs, Equality and mutual benefit, and Peaceful coexistence (Rowland, 1967:85-86).

Following the Trade Agreement and the Panchshilla, Sino-Indian relations were marked by a new phase of friendship. Chinese Prime Minister Zhou Enlai visited India in June 1954 and both leaders proposed, "Panchshilla be applied not only to Sino-Indian relations but to international relations in general" (Chaudury, 1982:251-253). In October 1954, Indian Prime Minister Nehru visited Beijing, and another round on issues and common interest was held which helped further strengthening the bilateral relations.

3. Sino-Indian War of 1962

Sino-Indian relations got a major blow when Dalai Lama, the spiritual and temporal head of the Tibetan people, accompanied by his followers crossed over to India on 31st March 1959. He was granted political asylum, to set up a Tibetan government-in exile in the northern Indian border town of Dharamsala. On 20th March, 'Tibet Day' was observed in India as a gesture to show solidarity with its Tibetan brothers. These acts were clearly seen by Beijing as interference in its internal affair and as a threat to China, which affected the relations between the two neighbours (Jetly,1979:77).

Following the Dalai Lama's arrival in India, the Sino-Indian border saw "a series of small skirmishes and clashes on the border (Jetly:84-85). Claims and counterclaims were made about the origin of the clashes by both sides. The rift between the two countries began to widen on the legality of the McMahon Line demarcated by the British at the time of Simla Convention signed in 1914. China refused to accept it as a final line of border demarcation by arguing that historically "no treaty or agreement on Sino-Indian boundary had ever been concluded between the Chinese and the Indian government."(Ambekar & Divekar, 1964:117).

In September 1962, Chinese government issued serious warnings to India. In October 1962, Nehru announced, "Instructions have been issued to free our territory"(Bhatty:159). On this occasion, Chinese issued final warning to Indian forces.

However, war eventually broke out on 20th October 1962, when Chinese troops forcibly evicted Indian troops from the Dhola post in the Eastern sector, which lay beyond the McMahon Line. Chinese forces drove to within 30 miles of the Assamese Plains and gained a number of strategic positions in Ladakh. On November 21, Beijing declared a unilateral ceasefire. On February 28th, 1963, the Chinese frontier guards completed the withdrawal. The two governments never admitted officially to starting the war and continued accusing each other for the act. The war of 1962 left a deep impact on the future of Sino Indian normalization attempts. From 1962-76, a kind of Cold War continued between China and India. The attempts to improve the Sino-Indian relations were constrained by the Sino-Soviet antagonism and the India-Pakistani confrontation.

During 1960s, Pakistan factor (the Pakistan-China alliance) remained a cause of considerable constraint in the Sino-Indian relations. China's relations with Pakistan took a decisively positive turn after the Sino-Indian border conflict. The two countries signed a boundary agreement in March 1963, which was ratified in 1965. Pakistan gave about 5,800 square kilometers of Kashmir area to China. It further intensified the China-India relations, as India believes that this part of Kashmir was actually Indian Kashmir. From 1962 to 1970, the Chinese and Indians accused each other of border violations. In 1967, the heaviest fighting since 1962 took place along the Sino-Sikkimese border. (Ali, 1975:98)

After realizing the changes in the international scenario, the then Indian Prime Minister Mrs Indira Gandhi wisely showed her willingness to hold border talks with China in 1969. China responded positively to that. Informal visits between the Chinese and Indian diplomats were taken place.

In 1971, Sino-Indian relations suffered a setback following the creation of Bangladesh. Infact, China was not in favour of the creation of Bangladesh as it was apprehensive of the possible Soviet influence over Bangladesh, to weaken the Chinese security on its Western and Southern frontiers. In early 1970s, India alleged China of supporting Naxalite movement – an anti-government agitation in the eastern part of India. In reaction to this, China denounced India's annexation of Sikkim in 1975 (Bhatty: 169). In 1974, India conducted its nuclear tests, which were opposed by China. Despite these manifestations of lack of interest, China continued with its policy of improving relations with India.

4. Sino-Indian Détente, 1979-1989

This was the period when the Chinese policy was to develop friendly relations with all, especially the neighbours, to minimize confrontation and to promote an environment conducive to its economic progress. Mao Zedong's death in 1976 paved the way for adopting more pragmatic policies by China, domestically and abroad. In 1977, the rise of the Janata government in India also resulted in more resolute steps by New Delhi to end the mistrust and confrontation between the two neighbours (Bhatty: 169). After the gap of 14 years diplomatic relations were resumed in the mid of 1976. This government decided to continue the policy of normalizing relations with China, which Mrs. Gandhi's government was following. In February 1979, Vajpayee, the then Foreign Minister of India, visited China at the invitation of the China's foreign minister Huang Hua. During Indira Gandhi's era, in May 1980 China expressed its desire to have cordial relations with India. China invited India again on the negotiation table in April 1981, when Deng Xiaoping proposed that two countries should improve relations in other spheres while proposing discussions on the border issue.

The normalizing bilateral relationship got a further setback in 1987, after Chinese forces' advancement into Sumdurang Chu valley. It was followed by the Indian decision to grant a full statehood status to Arunchal Pradesh, which China claimed to be an integral part of its territory. However, the escalation into a full-fledged war was avoided. Rajiv Gandhi's visit to China in 1988 was a major breakthrough in Sino-Indian relations. Rajiv Gandhi was the first Indian Prime Minister to China since Nehru's visit in 1954. India and China, both decided to separate the border negotiations from the other aspects of expanding relations so that some progress may be made. (Lynn, 2006) They agreed to restore their relations as friends, realizing that it was time to look beyond the past. A joint communiqué was issued by China and India stressing the need to restore friendly relations, once again on the basis of PanchShila. The two countries agreed to broaden bilateral ties in various areas. Besides realization of China's increasing international stature and its impressive economic progress, China's consistent policy aimed at improving relations with India was also a factor that contributed towards rapprochement.

A major factor underlying the shift in Indian policy was Sino-Soviet rapprochement from 1986 onwards. With Mikhail Gorbachev in power, there was policy shift in Soviet Union in early 1985.

Mikhail Gorbachev “rapidly reoriented Soviet policy from opposition to improved Sino-Indian relations and support for New Delhi against Beijing, to back-up of better ties and detachment from Sino-Indian disputes”(Garver, 1992: 68).

Thus, the seesaw like Sino-Indian relations witnessed a thaw following the Rajiv Gandhi’s historic visit to China. Though main differences, like Tibet issue, Border problem, remain there, but they realized that mutual cooperation and collaboration is necessary for their own respective long-term interests.

5. Issues in China-India Relations

Despite the remarkable improvement in bilateral relations over the past few years, mutual suspicion, and a variety of geostrategic and security issues stand in the way to normalization. The major issues which continue to be the foremost cause of concern and sometimes friction between the two neighbours, include the following:

5.1 Border Issue

The border dispute continues to be the most lasting and toughest of all the challenges in the Sino-Indian relations. Renato Cruz de Castro, in an article published in 1999, described the border dispute very comprehensively in the following words:

“Ever since India and China have explored the possibility of improving their bilateral relations in 1988, the political settlement of their border dispute has been considered as the litmus test for the normalization of Sino-Indian ties. These two countries have held four summits (in 1988, 1991, 1993 and 1996) to resolve this dispute. However, these high-level contacts resulted only in an agreement to come out with a temporary measure of demarcating an LAC along the Sino-Indian border. Attempts by both sides to carry out this temporary measure have been futile so far.”(Garver, 1992: 90)

Clearly, the border issue is complicated whose settlement requires time and patience. The final resolution of the issue requires not only political decisions at the highest level in both capitals but also the political skills to sell such a resolution to their respective domestic constituencies (Yuan, 2006). One very significant development on border issue took place during the visit of Chinese Premier Wen Jiabao’s visit to India in April 2005. An “Agreement on Political Parameters and Guiding Principles for the Settlement of India-China Boundary Question” was concluded. The Chinese Premier stated that Sikkim was no longer an issue in India-China Relations and that China regard Sikkim as an alienable part of India”(Athwal, 2008). Thus, it is quite evident from the current pace of progress in bilateral ties that this issue will not be allowed to impede the normalization of relations in other areas. The reason is that the two countries realize that there is much to be gained by co-operation, and by expanding commerce and trade relations.

5.2 Tibet Issue

Tibet remains a major deadlock in Sino-Indian relations since 1950s when China declared it to be an integral part of the PRC. The relations got further complicated when India granted asylum to Dalai Lama and other one hundred thousand Tibetan refugees. Beijing has been consistently accusing Dalai Lama for carrying out separatist activities from Indian soil. China believed that India had conspired with America’s Central Intelligence Agency during the 1950s to promote an insurgency in Tibet (Thomas, 2005:404). Although India has denied the charges, China has been continually urging New Delhi to take up concrete measures to stop the anti-Chinese political activities by Dalai Lama. In fact the immense logistical difficulties associated with Tibet’s terrain and remoteness increases the possible threat of Indian-Tibet link for Beijing.(Garver, 2001: 75)

In June 2003, during Vajpayee’s visit to China, a Joint Declaration and MoU on Trade was signed, under which the India recognized the Tibet as part of the PRC. Beside this, both parties signed a trade agreement and approved a new opening route for trade through Sikkim (Memon, 2004: 85-86). Now the Indians think that Vajpayee’s “first time recognition of Tibet as part of China should be equated with China’s first time recognition of India’s sovereignty over Sikkim.”(Asia Today, 2003). Nevertheless, China refutes this perception of India regarding the recognition Sikkim as part of India.

5.3 Pakistan Factor

The most contentious issue for India is Beijing's strategic and security relationship with Pakistan. This issue has remained central in India-China relations since Beijing and Islamabad signed a historic border agreement in March 1963. India has always viewed the Sino-Pakistan nexus as Beijing’s strategy to contain India in the region.

According to an Indian defence analyst, India considers Sino-Pakistan defence cooperation as the extension of China's policy of preventing India from emerging as a global power and limiting it to a smaller context of South Asia. China's strategic cooperation with Pakistan is the manifestation of that policy and it is aimed at enabling Pakistan to be a counterweight against New Delhi. Swaran Singh (1999: 10-11) has described the Sino-Pakistan collaboration in the following words:

“Chinese military assistance to Pakistan in various projects, like the setting up of the Heavy Rebuild factory to overhaul, Type 59 tanks, F-6 Rebuild factory, and the overhauling ability, in addition to other projects like Mbt-2000 Al-Khalid tank, Karakoram 8 (K8) trainer, Super 7-fighter Jet etc, were time and again projected as the potent-threat to India. The alleged Chinese assistance in nuclear and missile field continued to be a sour point in the development of the smooth Indo-Chinese relations.”

New Delhi alleges that by supplying nuclear and missile assistance to Pakistan, Beijing intends to tie it down. However, Beijing has always refuted this Indian assertion and has maintained that improved Sino-Indian relations should not be based on a downgrading of the Sino-Pakistan relationship.

5.4 Nuclear and Missile Competition

Both India and China keep on alleging each other that acquisition of nuclear weapons and missile development programmes by each is aimed against the other. From India's perspective, Beijing's arms transfer in the region has politico-military importance as the bulk of China's arms exports are to a group of countries around India, like Pakistan, Iran, Myanmar, Bangladesh, and Thailand. With all these countries China has strong defence ties, besides the naval cooperation. India has also concerns over Beijing's defence relations with Nepal and Sri Lanka. India contends that the Chinese sale of M-11 missiles to Pakistan and Intermediate Range Ballistic Missiles (IRBMs) to Saudi Arabia, and her involvement in Islamabad's missile and nuclear programmes is serious issue for regional stability and also compromises the global efforts at non-proliferation of Weapons of Mass Destruction (WMDs) (Chengappa, 2004: 206).

China is also apprehensive of the India's acquiring of 100 nuclear capable Agni MRBMs and short-range surface-to-surface Prithvi missiles. Reportedly, India is also developing a longer-range ICBM, the Surya. From China's perspective the rationale for India to develop the Agni missile is to acquire the capability to strike deep into China to alter the balance. The Agni II Medium Range Ballistic Missiles (MRBM), if developed in Assam, could strike major Chinese cities. The 2500 kms flying range of the Sukhoi 30 Mk I aircraft clearly indicates their role against China. Even Indian Air Force Chief Air Chief Marshal SK Kaul made a statement to the effect that “these aircrafts were meant for operations against China” (Chengappa, 2004: 206). China contends that these developments pose a serious challenge for China because India's overall conventional force superiority over Pakistan and the short distance between the two countries, the development of IRBMs is seen as China-specific.

5.5 Contest for Power and Influence in Asia

Despite the détente in Sino-Indian relations, the contest for power and influence in Asia between the two Asian giants continues. In this struggle for power India has adopted a “Look East” policy and is making all efforts to develop its relations with vibrant economies of East and Southeast Asian countries. As a counter strategy, China has attempted to make inroads, through political, economic, and military linkages, with other South Asian states such as Bangladesh, Nepal, Sri Lanka, and especially Burma.

Both states are all out to establish dominance and control over the Indian Ocean as India calls this China's the “string of pearls” strategy. However, China is making all efforts to strengthen its economic and military ties with India's western neighbour, Pakistan. (Thomas: 405)

Thus, despite the generally benign atmosphere between the two countries, there remain suspicion and mistrust and unrelenting efforts at the highest political level are required to build trust between two rising Asian powers. Both watch each other's phenomenal growth in economic and military with alarm. Thus, the two Asian giants' “continuing upward trajectory in growing economic and military power, and political influence is bound to lead each into other's perceived sphere of interests and conflicts may arise” (Yuan, 2006).

6. China-India Rapprochement: Key Factors

After several years of sour relations, finally, a change in attitudes of both China and India is quite obvious. Both countries have made a deliberate effort to see each other as an opportunity rather than a threat. Surjit Mansingh (1994:285) has defined the normalization of China-India relations in the following comprehensive words:

“ The term normalization is used here to mean: exchanges of visits at the highest political levels; regular interchanges among appropriate levels of officialdom; openings and opportunities for commerce, economic cooperation, joint business ventures and general as well as border trade; non-confrontational dialogue at academic, cultural and intellectual fora; it must be emphasized, an institutional mechanism in the Joint working Group for working out confidence building measures and demarcation of the Line of actual Control (LAC) on the Himalayan border, along which governments have agreed to maintain ‘peace and tranquility’ without prejudice to their respective territorial claims on the disputed boundary.”

Both China and India realized that their differences should not be allowed to affect the overall development of bilateral relations. Among the most important strategic considerations which compelled China and India to restore relations to the pre-conflict period, include the following:

6.1 Change in Global and Regional Power Configuration

The Cold War ended with disintegration of USSR changing the contours of the international and regional power configuration. This shift in international power structure compelled the regional and international players to reevaluate their policies and adjust them to the changed geo-strategic environment (Memon, 2004:84).

The end of Cold War also brought an end to the special relationship between India and the Soviet Union, which ultimately led to an improvement of Sino-Indian relations. The India-Soviet bilateral relationship was clearly China-specific. The former Soviet Union was India’s strategic patron and the main supplier of advanced weapons. India got tremendous economic and military assistance from Soviet Union. Thus, when it disintegrated, India lost its strategic patron as Russia no longer needed India to counterpoise China. In the South Asian region, the Soviet-US rivalry also came to an end, thus, India lost its high status in Russian foreign policy considerations (Hongyu, 1995:546-549). These realities compelled both, China and India, to adopt an independent and bilateral approach to each other, which led them to begin the process of rapprochement.

6.2 Politico-Strategic Interests

Driven by certain politico-strategic interests, both countries have moved closer together, and this has affected the strategic realities in Asia. The neighbours also have converging interests in developing a fair, equitable, international political and economic order, the role for the United Nations, and support of global disarmament, including efforts to prevent the weaponization of outer space (Yuan, 2006). Beijing and New Delhi seek to promote greater equality and fair distribution of wealth between the rich and poor by working to improve the current international economic system. As developing countries, both China and India intend to integrate their economies into the global trading system gradually. India is seeking to secure a seat in the proposed expansion of the United Nations Security Council (UNSC). Stable Sino-Indian relations are also advantageous for India’s desire to play a greater role in the Non Aligned Movement (NAM), the second largest international organization. It will help improve India’s image in the NAM and strengthen its international influence.

One aspect, which brings the two rising Asian powers closer, is their critical view of U.S. unilateralism. Both China and India also have common views on anti-terrorism and consider it a threat to their national security. They are committed to cooperate with each other in fighting this menace. They seek to promote a multipolar world where they can play a more important role in global affairs. After the 9/11, India and China mutually agreed that they should establish a bilateral dialogue against terrorism and should maintain close cooperation. (Tucker, 2003)

6.3 Economic Factor

The economic rationale for greater collaboration has clearly helped in pushing aside longstanding political differences. Both see strong benefits in each other’s strengths by increasing trade, investment and joint technology projects. Despite the political status quo in some of the key areas, the two countries have seen startling increase in trade and other economic exchanges over the last couple of years. According to China’s statistic, India was China’s tenth biggest trade partner in 2006 and China became India’s second biggest trade partner in the 2005-2006 according to India’s statistic.

In July 2006, the two countries re-opened the historical Nathu La Pass, which is expected to bring further momentum in economic benefits. China has been pushing for a Free Trade Agreement (FTA) with India, which would create the biggest free trade region in the world. It is also striving for a closer cooperation in the high-tech sector, where it sees the two countries complementing each other (Space Daily, 2005).

The mutual economic gains have helped to sideline the previous fear and hostility between the two nations. Both India and China are looking towards launching joint ventures in various areas of mutual interest to expand their economic cooperation. The companies of both emerging economies are seriously seeking business prospects in each other's markets. One area of increased cooperation is in the information technology industries, where the two countries are complementary to each other (Space Daily, 2005).

China and India also share an interest in creating a more stable, efficient and equitable global energy market. As net energy importers that depend heavily on the Middle East for their oil supply, both also have an interest in maintaining political stability in Asia and the Middle East. Both are increasingly interested in Liquefied Natural Gas (LNG) and are expanding their nuclear power facilities as solutions to their pollution problems and long-term energy needs. They realize that collaboration will bring with it new market opportunities.

7. Contemporary Trends in China-India Relations

Driven by the changes in international strategic environment, the two neighbours, amidst the rivalry and disagreement on a number of issues, moved towards normalization to achieve their long-term goals of socio-economic development. Right now a complex situation is prevailing in the region, as neither China nor India is comfortable with each other's rise. Each perceives the other as regional hegemon with the evil intentions of geographical expansion.

China has serious concerns about Indian hegemonic and expansionist designs. To ensure its preeminence in the regional geopolitics, China's strategy has aimed at containing India. China views India as a potential challenger in South and Southeast Asia, and seeks to contain it through strategic alignment with regional countries like Pakistan and Burma. China has acted as a counterweight to Indian hegemony to ensure the independence of Nepal by providing economic and technological assistance to Nepal. It emerged as the main arms supplier to Bangladesh which has been under continuous Indian pressure. Sri Lanka has also been giving great importance to its relations with China considering it "a major source of strength in safeguarding their independence in the face of India's ambitions."(Bhatty:37-38)

On the other hand, India is gaining excessive influence in South Asia and competing with Beijing in Southeast Asia. India tried to counter-balance the China's entry into the SAARC in 2005 by bringing Japan, South Korea, and the United States. India-US Defence deal is also said to be aimed at countering Chinese influence in the region.

With the history of mistrust and animosity, China and India have lately come closer for mutually beneficial endeavours in many spheres of their bilateral relationship. Both have pragmatically realized that they need to sort out their differences and live peacefully not only for the stability of the region but also for their own economic growth propensities. India-China relations have diversified and a series of dialogue mechanisms are in place including on subjects such as counter-terrorism, security issues, policy planning and boundary question.

In fact both are aware of the gains they can enjoy with a cooperative relationship. India can ensure the security of its northern frontiers. It will enable India to reap the economic benefits accruing from the gradual warming of its relations with China. China, on the other hand, will find a huge market for its goods in India. It will benefit from India's expertise in the information technology sector.

Parallel to opportunities and constraints that come along with interdependence, both countries at the same time are competitors in a number of fields. In recent years, India has intensified relations with Myanmar both in infrastructure and in fighting rebel groups in the North-east. Moreover, India was eager to secure exploration rights in the Myanmar's gas fields (Ganchang, 2005:12). China and India are competitors in Indian Ocean too. China's increased presence in the Indian Ocean is a matter of serious concern for India. China has the similar kind of concerns against India. It is believed that China will not let India to have a free hand in these waters as all the maritime commerce of China with Europe and all its petroleum imports from Middle East pass through Indian Ocean. (Lyton, 2003)

Thus, It can be said that both China and India are competitive in the global and regional trade and economic domain, and are competitors for status and influence in the South Asian region. In the interdependence relationship, the two neighbours are cooperating in a number of issue-areas driven by their own respective interests and at the same time both are making all out efforts to maintain a balance of power in its own favour.

Hence it is noticed that China and India have adopted a reconciling attitude towards each other in order to seek a more beneficial relationship. They have kept aside their historic animosity and rivalry. Reason is that both actors, due to the dependencies and vulnerabilities, are well aware of the negative fallouts of the confrontation for all the actors involved. This supports the hypothesis of this study that the level of costs attached with confrontation, has led China and India towards a relatively stable and cooperative relationship.

8. Conclusion

The history of Sino-Indian relations can be best described as “protracted geopolitical conflict” (Garver:8). An analysis of the facts demonstrates that since certain basic issues remain unsettled, the two emerging Asian powers are likely to keep competing with each other. On border issue, although developments are taking place, but at a very slow pace. India is wary of China’s military ties with Pakistan and Myanmar. As far as the competition for influence in Asian region is concerned, it is more likely that no one party would let the other party to take the lead. Thus, a competition for regional influence and status is likely to continue.

Besides competitive relationship, China and India have convergence of interests in number of areas. These include integration of their economies into the global trading system, restructuring the world order, protection of human rights, counter-terrorism, trade and commerce within the WTO regime, creating a more stable, efficient and equitable global energy market, supporting global disarmament and supporting a multipolar world. The two countries also share the challenge of eradicating poverty, and improving the standard of living of their people at the domestic front. Thus, driven by converging interests in significant areas, the two countries are surely to avoid direct and open conflict and would be working for a more cooperative relationship.

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