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How China–India relations will shape Asia and the global order

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Summary

- The China–US relationship is widely regarded as the key defining geopolitical relationship of the 21st century. But relations between China and India arguably hold greater long-term significance. These two Asian nations are the world's most populous countries (together accounting for almost 40 per cent of the global population), and its second largest and soon-to-be third largest economies respectively. Both are competing for influence and leadership amid the emerging multipolar global order. Yet, despite its importance, the China–India relationship is poorly understood outside of those two countries. This research paper traces the trajectory of, and key factors behind, that relationship and challenges several misconceptions.
- If Western countries – particularly the US – are serious about supporting India as a bulwark against a rising China, they need to develop more realistic expectations of what India can deliver. The extent of India's alignment with the West against China will be limited by India's ideological preference for strategic autonomy in its foreign policy, as well as practical and economic considerations arising from India's dependence on China as a supplier of components and raw materials for its industrial development. That reliance undermines the narrative sometimes advanced by Western policymakers in which India emerges as a beneficiary of the push to de-risk or diversify global supply chains away from China.
- Much of the world tends to view the China–India relationship through the narrow prism of a long-standing and unresolved territorial dispute. Clashes along their shared border in June 2020 did much to reinforce that view. A border agreement was announced between China and India in October 2024, and is an important step towards establishing 'guardrails' in the bilateral relationship. However, the underlying fault lines of the bilateral relationship remain unchanged, and the risk of future stand-offs and skirmishes cannot be discounted. Large-scale conflict between both countries is unlikely, but so is a lasting rapprochement.
- Despite the tensions that continue along the border, it is a mistake to perceive the bilateral relationship through the border issue alone. That dispute is rather a symptom of a much broader geopolitical rivalry between two self-perceived 'civilization-states'. As China and India become increasingly prominent geopolitical actors with more tools and platforms to project power and interact with each other, their rise is introducing new stages of rivalry, from geo-economic competition to differing positions on global issues.
- Sovereignty and status are at the heart of both countries' difficult relationship. On sovereignty, the issues of Tibet for China and Kashmir for India are intertwined with their boundary dispute. On status, China remains unwilling to recognize India as a peer and an equal – to the constant frustration of the latter. That lack of recognition fuels the security dilemma between both countries, particularly as China is inclined to view India as a mere pawn in the more consequential geopolitical competition with the US.

- At the same time, several areas of convergence exist between both countries, which are also often overlooked by the West. Both countries maintain similar worldviews – as reflected in their positions on issues of sovereignty, the inclination to see themselves as civilizational states and as leaders of the Global South, and in their push for a more equitable distribution of power in global governance.
- However, China and India are not currently working together to achieve a shared goal. Important similarities do exist, but these should not be misconstrued. For now, India is seeking to promote a more benign *non*-Western worldview, rather than an *anti*-Western one. The US and its allies should leverage this subtle but significant distinction to engage with India as part of a strategy to ensure institutions of which it is a member (such as the BRICS grouping) do not become China-led, *anti*-Western global platforms.

Introduction

In August 2024, India’s external affairs minister, S. Jaishankar, noted that several countries in the world have difficult relations with China, but India has a ‘special China problem that is over and above the world’s general China problem’.¹ The minister was alluding to the complexity of the China–India relationship, which over their long history of interaction and sporadic tension has been marked by simultaneous engagement and estrangement.

The announcement of a border agreement between China and India in October 2024 has helped to de-escalate tensions that followed skirmishes along their border in 2020.² These skirmishes reinforced the tendency in the West and elsewhere to see the border issue as the core source of tension in the bilateral relationship. Yet the border dispute is merely a symptom of a much broader geopolitical rivalry between two civilizational states. As China and India become increasingly prominent geopolitical actors, with more tools and platforms to project power and interact with each other, their rise introduces new arenas of rivalry, from geo-economic competition to differing positions on global issues.

At the heart of both countries’ difficult relations are issues of sovereignty and status. China’s claim to Tibet and India’s claim to Kashmir are both intertwined with the two countries’ boundary dispute. For example, the question of the succession of the Dalai Lama – the 89-year-old Tibetan spiritual leader in exile who fled to India in 1959 following the Chinese annexation of Tibet a decade earlier – is a potential flashpoint in the near future.

¹ Express News Service (2024), ‘India has a special China problem above world’s general China problem: Jaishankar’, *The Indian Express*, 1 September 2024, <https://indianexpress.com/article/india/state-ties-china-calls-investments-from-scrutinised-jaishankar-9543086>.

² Roy, S. (2024), ‘India, China reach agreement on patrolling along LAC, stage set for Modi and Xi meeting at BRICS Summit’, *The Indian Express*, 22 October 2024, <https://www.pressreader.com/india/the-indian-express/20241022/281479281889581>. Much speculation continues over what triggered the 2020 clashes. Suggested triggers include Beijing retaliating against India’s expansion of infrastructure along the border; New Delhi’s decision to rescind the special autonomous status of Jammu and Kashmir in 2019; and Beijing taking advantage of India’s weakened position during the COVID-19 pandemic. See Bajpae, C. (2021), ‘New Normal in Sino-Indian ties’, *War on the Rocks*, 21 April 2021, <https://warontherocks.com/2021/04/china-and-india-de-escalation-signals-new-normal-rather-than-a-return-to-the-status-quo>.

Asymmetry of status – both material and perceptual – is a key theme of the relationship. The material imbalance between the two nations is well recognized – China’s economy is five times larger than that of India. Less apparent, however, is the perceptual asymmetry, in that China is unwilling to recognize India as a peer and an equal. Notably, this was true even when both countries’ economies were of a similar size. This perceptual asymmetry is a constant source of frustration for New Delhi. Moreover, it fuels the security dilemma between both countries, given Beijing’s tendency to view New Delhi’s actions through the prism of the China–US relationship. In doing so, China sees India as a pawn in the more consequential geopolitical rivalry between itself and the US.

Underlying these issues of status and sovereignty is the question of trust. Although official statements on both sides make frequent reference to the need for ‘mutual trust’, the bilateral relationship continues to suffer from an entrenched trust deficit.

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At the same time, several areas of convergence between both countries tend to get overlooked in the West. These convergences include an inclination by both to adopt a transactional or value-neutral foreign policy. For instance, both countries take similar positions on maintaining relations with non-democratic or weakly democratic regimes. Matters of global governance also provide areas of convergence, ranging from adherence to the principle of non-intervention to common positions on freedom of navigation and the right to economic development taking precedence over climate concerns. These positions will limit the degree of India’s alignment with the West.

From an economic standpoint, Western policymakers sometimes advance a narrative in which India emerges as a beneficiary of efforts to de-risk or diversify global supply chains away from China. However, that narrative fails to account for the fact that India’s growing prominence in global supply chains is making it more, not less, dependent on China. Despite New Delhi’s efforts to limit Chinese access to strategically important sectors, China remains India’s leading trade partner and India is heavily dependent on Chinese suppliers in industries such as pharmaceuticals and renewable energy.³

The West – in particular, the US, which has tended to see India as a bulwark against the rise of China – needs to understand the nature and limits of the China–India relationship in order to develop more realistic expectations of what New Delhi can deliver in the context of Washington’s own strategic competition with Beijing.

³ Singh, S. (2024), ‘Modi’s China Bind’, *Foreign Policy*, 16 July 2024, <https://foreignpolicy.com/2024/07/16/india-china-modi-stalemate-election-concessions>.

This research paper traces the trajectory and drivers of the China–India relationship and, in so doing, challenges misconceptions about that relationship. These range from a tendency to overly focus on the border dispute, to a lack of attention to areas of convergence between the two countries, and the US and its allies’ overly optimistic views of India as a potential counterweight to China.

The evolution of the border dispute

Since emerging as independent nation states in the late 1940s, the relationship between the People’s Republic of China and the Republic of India has oscillated between cooperation, competition and confrontation. A short-lived period of cordiality in the 1950s was underpinned by the quest for third-world solidarity in anti-imperial decolonization efforts. The phrase ‘Hindi-Chini Bhai-Bhai’ (‘India and China are brothers’) encapsulated that period of cordiality, which culminated in the conclusion of *Panchsheel* (the five principles of peaceful co-existence) between both countries in 1954.⁴ However, relations soon deteriorated into open conflict along the poorly demarcated border between the two states, leading them into a brief war in 1962, which India lost.⁵

Relations remained poor until 1988 when the Indian prime minister Rajiv Gandhi visited Beijing – the first visit by an Indian leader in more than three decades. That visit facilitated a rapprochement, and a *modus vivendi* was reached whereby both sides agreed to de-escalate border tensions through confidence-building mechanisms while expanding engagement in other areas.⁶ A period of exuberance followed, marked by rhetoric of ‘Chindia’ and an emerging ‘Himalayan Consensus’ between the countries.⁷ New Delhi and Beijing maintained engagement throughout this period and as recently as 2019, leaders of both countries conducted informal summit meetings.⁸ This climate of engagement came to an abrupt halt with the border clashes in 2020.

⁴ Radchenko, S. (2014), ‘The Rise and Fall of Hindi Chini Bhai Bhai’, *Foreign Policy*, 18 September 2014, <https://foreignpolicy.com/2014/09/18/the-rise-and-fall-of-hindi-chini-bhai-bhai>.

⁵ For background on the events leading up to the 1962 India–China war, see Raghavan, S. (2010), ‘The Disputed India-China Boundary 1948-60’ and ‘China, 1961-62’, in Raghavan, S. (2010), *War and Peace in Modern India*, London: Palgrave Macmillan, pp. 227–310; Singh, J. J. (2019), *The McMahon Line: A Century of Discord*, Noida: HarperCollins. Subsequent skirmishes and stand-offs took place in 1967, 1975 and 1987.

⁶ The China–India border comprises three ‘sectors’: a western sector in Aksai Chin (straddling the borders of Jammu and Kashmir, and Ladakh in India); a middle sector (running along the Indian states of Himachal Pradesh and Uttarakhand); and the eastern sector (running along the McMahon Line adjacent to the Indian states of Arunachal Pradesh and Sikkim). On the Chinese side, the border straddles the Tibet Autonomous Region. The Line of Actual Control demarcating the disputed territory between both countries in Aksai Chin is not so much a line but a buffer zone with conflicting interpretations on each side regarding claim lines.

⁷ *The Economist* (2006), ‘The myth of Chindia’, 22 November 2006, <https://www.economist.com/asia/2006/11/22/the-myth-of-chindia>; *Mint* (2009), ‘For a Himalayan Consensus’, 31 October 2009, <https://www.livemint.com/Opinion/vWeHL57gVEIVDYgHDlrWCN/For-a-Himalayan-consensus.html>.

⁸ Basu, N. (2020), ‘India could discontinue Modi-Xi informal summits after deadly Galwan clash’, *The Print*, 8 July 2020, <https://theprint.in/diplomacy/india-could-discontinue-modi-xi-informal-summits-after-deadly-galwan-clash/457084>.

2020: Galwan Valley clashes

The Galwan Valley clashes of 2020 constituted the worst flare-up of border tensions between China and India in more than four decades, and led to the first fatalities in the area since 1975.⁹ The clashes signified a breakdown in the rules of engagement emphasizing restraint and non-use of force, which had been enshrined in a string of agreements between 1988 and 2019.¹⁰ They also disrupted the status quo in place since 1988.¹¹ Although Beijing tried to encourage a return to the situation pre-2020, relations instead entered a new normal whereby New Delhi viewed the border issue as a core obstacle to renormalizing ties.

While the 2020 border clashes are often seen as a turning point in Sino-Indian relations, the reality is that the bilateral relationship had been in steady decline for some years before – with a concomitant increase in the frequency and intensity of border stand-offs.¹² This decline can be attributed to several factors, including the pursuit of more assertive foreign policies in both countries, particularly after the rise of ‘strongman’ nationalist leaders – President Xi Jinping in China since 2012/13 and Prime Minister Narendra Modi in India since 2014.¹³ A shift in the balance of power – in China’s favour – also contributed to an increasingly assertive Chinese foreign policy, which played out along the Sino-Indian border and in China’s other territorial disputes in the East and South China Seas.

A rapprochement in India’s relationship with the US was also a potential catalyst for deteriorating Sino-Indian relations. The conclusion of the India–US nuclear agreement in 2008, in particular, prompted Beijing to view New Delhi’s actions through the prism of its own fraught relationship with Washington.¹⁴

⁹ The exact number of fatalities during the Galwan Valley clashes is unclear, with 20 Indian soldiers and at least four Chinese soldiers reportedly killed.

¹⁰ Ministry of External Affairs, Government of India (2013), ‘Agreement between the Government of the Republic of India and Government of the People’s Republic of China on Border Defence Cooperation’, 23 October 2013, <https://www.mea.gov.in/bilateral-documents.htm?dtl/22366/Agreement+between+the+Government+of+the+Republic+of+India+and+the+Government+of+the+Peoples+Republic+of+China+on+Border+Defence+Cooperation>; Ministry of External Affairs, Government of India (2005), ‘Agreement between the Government of the Republic of India and Government of the People’s Republic of China on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question’, 11 April 2005, <https://www.mea.gov.in/bilateral-documents.htm?dtl/6534/Agreement+between+the+Government+of+the+Republic+of+India+and+the+Government+of+the+Peoples+Republic+of+China+on+the+Political+Parameters+and+Guiding+Principles+for+the+Settlement+of+the+IndiaChina+Boundary+Question>; United Nations Peacemaker (1996), *Agreement Between the Government of the Republic of India and the Government of the People’s Republic of China on Confidence-Building Measures in the Military Field Along the Line of Actual Control in the India-China Border Areas*, 29 November 1996, <https://peacemaker.un.org/sites/default/files/document/files/2024/05/cn20in961129agreement20between20china20and20india.pdf>; United Nations Peacemaker (1993), *Agreement on the Maintenance of Peace and Tranquillity along the Line of Actual Control in the India-China Border Areas*, 7 September 1993, <https://peacemaker.un.org/sites/default/files/document/files/2024/05/cn20in930907agreement20on20india-china20border20areas.pdf>.

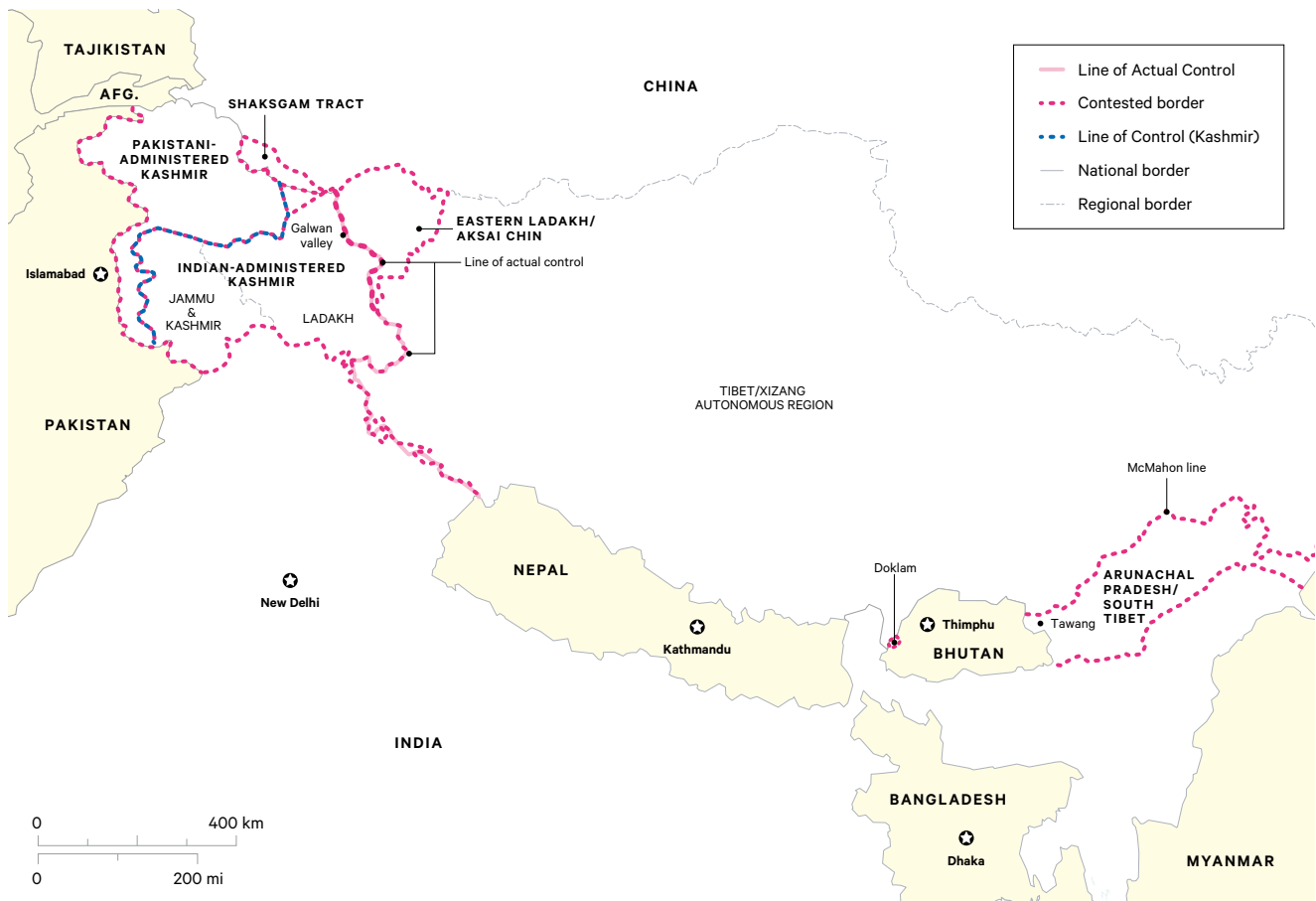
¹¹ Qian, F. (2020), ‘Do India-China relations need a reset?’, *Global Times*, 29 July 2020, <https://www.globaltimes.cn/content/1196101.shtml>.

¹² Prior to the Galwan Valley clashes in 2020, both countries engaged in several border skirmishes in 2013 (Depsang), 2014 (Chumar) and 2017 (Doklam Plateau). See *Firstpost* (2014), ‘India-China standoff ends in Ladakh’s Chumar sector after Xi-Modi talks’, 19 September 2014, <https://www.firstpost.com/india/india-china-standoff-ends-in-ladakh-s-chumar-sector-after-xi-modi-talks-1719169.html>; Joshi, M. (2013), ‘Making sense of the Depsang incursion’, *The Hindu*, 7 May 2013, <https://www.thehindu.com/opinion/op-ed/making-sense-of-the-depsang-incursion/article4689838.ece>; Haidar, S. and Aneja, A. (2017), ‘Doklam standoff ends as India, China step back’, *The Hindu*, 29 August 2017, <https://www.thehindu.com/news/national/doklam-standoff-ends-as-india-china-step-back/article62040875.ece>.

¹³ Xi Jinping was appointed general secretary of the Chinese Communist Party and chairman of the Central Military Commission in November 2012 before becoming China’s president in March 2013.

¹⁴ Interview with former Indian foreign policy official, 24 October 2024.

Figure 1. A map of the China–India border



Source: Compiled by authors. Note that labelling does not imply endorsement of any particular claim by either Chatham House or the authors.

2024: Road to partial reconciliation

Modi's return to power for a third consecutive term in June 2024 raised expectations that tensions would de-escalate. Fuelling this perception were conciliatory remarks by Modi and other members of his government on the 'need to urgently address the prolonged situation on our borders so that the abnormality in our bilateral interactions can be put behind us'.¹⁵ Beijing's appointment of an ambassador to India after a gap of 18 months further fed expectations of a pending improvement in the bilateral relationship.¹⁶ Behind the scenes, several rounds of engagement at political and military levels were taking place.¹⁷

¹⁵ Bhat, D. M. (2024), 'Exclusive Interview: Narendra Modi and the Unstoppable Rise of India', *Newsweek*, 10 April 2024, <https://www.newsweek.com/2024/04/19/exclusive-interview-narendra-modi-unstoppable-rise-india-1888678.html>; Bhattacharya, D. (2024), "Four-year border row hasn't served India or China well": Jaishankar', *India Today*, 12 March 2024, <https://www.indiatoday.in/india/story/s-jaishankar-india-china-relations-lac-ladakh-standoff-disengagement-diplomacy-dialogue-pakistan-terrorism-2513619-2024-03-12>.

¹⁶ Ministry of Foreign Affairs of the People's Republic of China (2024), 'Chinese Ambassador to India Xu Feihong Presents the Working Copy of His Letter of Credence', 14 May 2024, https://www.fmprc.gov.cn/eng/xw/zwbdt/202405/t20240530_11366169.html.

¹⁷ This included several rounds of military-level (corps-commander) meetings, political/military engagements through the Working Mechanism for Consultation and Coordination on India-China Border Affairs, and interactions at the foreign/defence minister and national security advisor level. For more on the process of reconciliation, see Chadha, S. S. (2024), *Negotiating the India-China Standoff: 2020–2024*, New Delhi: Carnegie India, https://carnegie-production-assets.s3.amazonaws.com/static/files/Negotiating%20the%20India-China%20Standoff%202020_2024.pdf.

The conclusion of the border deal in October 2024 confirmed those expectations.¹⁸ The timing of the deal could be attributed to the BRICS summit in Kazan, Russia, and to efforts by Russia to demonstrate unity among the group’s founding members.¹⁹ However, economic and strategic considerations for China and India also played a role. In the case of China, it is likely to have wanted to stabilize relations with other countries in preparedness for a more volatile relationship with the US under Donald Trump’s second presidency. Tighter foreign investment restrictions in the West have also prompted Beijing to deepen its engagement with the Global South (of which India is a key part). For India, the border deal reflected a recognition that it had backed itself into a corner by making de-escalation of border tensions a prerequisite to engagement on other issues, including the economy. India’s ambitions to become a global manufacturing hub come with a growing dependence on China for its component and raw material supply chains. India also has its own tensions with the West – including over its relations with Russia and allegations of Indian complicity in assassination plots in Canada and the US. From New Delhi’s perspective, the latter tensions have reaffirmed the need to maintain a multidimensional foreign policy, which includes engagement with Beijing.²⁰

The October 2024 border agreement was accompanied in December by the resumption of the Special Representatives framework (last convened in 2019), as well as dialogue mechanisms at the foreign ministerial level. Both countries have also discussed the revival of ‘people-centric’ initiatives, including direct flights and religious pilgrimages.²¹ This has been accompanied by positive rhetoric with Chinese foreign minister Wang Yi referring to improving bilateral relations as the ‘only right choice for both sides’ and Prime Minister Modi talking about ‘working to restore conditions to how they were before 2020’.²²

Reconciliation remains a work in progress. The border deal does not mean a return to the pre-2020 status quo. Since the Galwan Valley clashes, both countries have consolidated their positions, with each deploying some 50,000 to 60,000 troops

¹⁸ There are seven friction points in eastern Ladakh where disengagement has taken place. The October 2024 border deal entails the resumption of patrolling and grazing rights in two areas – Depsang Plains and Demchok – while prior agreements remain in place for other contested areas (including Gogra-Hot Springs, Galwan and the north and south banks of Pangong Tso Lake). See Dutta, A. N. and Tiwary, D. (2024), ‘Patrol rights in Depsang Plains, Demchok to be restored, will be closely coordinated’, *The Indian Express*, 22 October 2024, <https://indianexpress.com/article/india/india-china-border-agreement-patrol-rights-in-depsang-plains-demchok-to-be-restored-will-be-closely-coordinated-9632146>; Ministry of External Affairs, Government of India (2024), ‘23rd Meeting of the Special Representatives of India and China’, 18 December 2024, https://www.mea.gov.in/press-releases.htm?dtl/38805/23d_Meeting_of_the_Special_Representatives_of_India_and_China; Ministry of Foreign Affairs, The People’s Republic of China (2024), ‘The Special Representative on the Sino-Indian Border Issue met in Beijing’ [中印边界问题特别代表在北京举行会晤], 18 December 2024, https://www.mfa.gov.cn/web/zyxw/202412/t20241218_11501558.shtml.

¹⁹ The founding members of BRICS are Brazil, Russia, India and China. South Africa joined in 2010, followed by Egypt, Ethiopia, Iran and the United Arab Emirates in 2024 and Indonesia in 2025.

²⁰ Bajpae, C. (2024a), ‘India and the West occupy different worlds’, *Nikkei Asia*, 4 November 2024, <https://asia.nikkei.com/Opinion/India-and-the-West-occupy-different-worlds>.

²¹ Bhaumik, A. (2025) ‘India, China agree to restart Kailash Mansarovar Yatra, direct flights, river data sharing,’ *Deccan Herald*, 27 January 2025, <https://www.deccanherald.com/india/india-china-to-resume-kailash-mansarovar-yatra-direct-flights-3375229>.

²² Ministry of Foreign Affairs of the People’s Republic of China (2025), ‘Wang Yi met the Indian Foreign Secretary 王毅会见印度外交秘书唐勇胜’, 27 January 2025, https://www.mfa.gov.cn/wjzbzd/202501/t20250127_11546551.shtml; Fridman, L. (2025), ‘Transcript for Narendra Modi: Prime Minister of India – Power, Democracy, War & Peace | Lex Fridman Podcast #460, 1:40:51 – China and Xi Jinping’, https://lexfridman.com/narendra-modi-transcript#chapter14_china_and_xi_jinping. See also Ministry of Foreign Affairs of the People’s Republic of China (2025), ‘Xi Jinping Exchanges Congratulatory Messages with Indian President Droupadi Murmu on the 75th Anniversary of the Establishment of China-India Diplomatic Relations’, 1 April 2025, https://www.mfa.gov.cn/eng/xw/zyxw/202504/t20250402_11587284.html.

along its side of the border and upgrading civilian and military infrastructure.²³ The border deal makes no reference to other parts of the disputed border, notably including Arunachal Pradesh (which Beijing refers to as South Tibet). Nor does it address other contentious issues such as water disputes, which threaten to flare up amid plans by Beijing to construct the world's largest hydroelectric dam along a river that traverses both countries.²⁴

Political considerations on both sides will also impose limits on the pace and process of rapprochement. Modi returned to power on a weakened mandate in June 2024, making him more beholden to coalition partners and opposition parties. That has made his government more sensitive to accusations of appearing weak on China – allegations that the opposition had already been making following the 2020 border clashes.²⁵ This means that efforts to de-escalate tensions with China will proceed alongside efforts to burnish Modi's credentials as a nationalist and being tough on security.²⁶

President Xi did not send a congratulatory message after Modi won his third term in 2024 (unlike after Modi's 2019 re-election, when Xi was among the first to publicly congratulate him). To add insult to injury, Xi did congratulate the leaders of Pakistan and Bangladesh following elections in 2024. Xi was also notably absent from the G20 summit in New Delhi in September 2023, held under India's chairmanship.

At a more fundamental level, the 2024 agreement resolved none of the underlying grievances in the long-standing border dispute. Neither side has rescinded its claims to disputed territories, nor has a mutual agreement been reached on the exact delineation of the Line of Actual Control that demarcates their borders. Confidence-building and verification mechanisms (supported by strengthened intelligence, surveillance and reconnaissance capabilities) will be necessary to ensure sustained

²³ *Xinhua* (2023), 'China adopts land border law', 23 October 2023, http://www.news.cn/english/2021-10/23/c_1310264570.htm; Lo, K. and Zhang, R. (2021), 'China-India border dispute: village built in conflict zone part of Beijing's poverty alleviation scheme, source says', *South China Morning Post*, 24 January 2021, <https://www.scmp.com/news/china/diplomacy/article/3118949/china-india-border-dispute-satellite-images-reveal-new-chinese>; Ministry of Home Affairs, Government of India (2022), Press Release: 'Vibrant Villages Programme', 29 March 2022, <https://pib.gov.in/PressReleasePage.aspx?PRID=1811258#:~:text=Vibrant%20Villages%20Programme%20%28VVP%29%20has%20been%20announced%20in,often%20get%20left%20out%20from%20the%20development%20gains>.

²⁴ *The Economist* (2025), 'China approves the world's most expensive infrastructure project', 2 January 2025, <https://www.economist.com/china/2025/01/02/china-approves-the-worlds-most-expensive-infrastructure-project>. Four river systems are shared by China and India of which the most significant is the Brahmaputra River (Yarlung Tsangpo), which flows from the Tibetan plateau into the Bay of Bengal. Cross-border water resources are a source of tension in the bilateral relationship arising from Beijing's position as an upper riparian state and the impact of its dam construction and water diversion projects on water flows. Tensions are exacerbated by the absence of formal water-sharing agreements. Climate risks and water stress fuelled by both countries' growing resource needs add to these tensions. See Singh, A. P. and Tembey, U. (2020), 'India-China relations and the geopolitics of water', Lowy Institute *The Interpreter*, 23 July 2020, <https://www.lowyinstitute.org/the-interpreter/india-china-relations-geopolitics-water>; Giordano, M. and Wahal, A. (2022), 'The Water Wars Myth: India, China and the Brahmaputra', United States Institute of Peace, 8 December 2022, <https://www.usip.org/publications/2022/12/water-wars-myth-india-china-and-brahmaputra>.

²⁵ Jha, S. K. (2023), "'Blasphemous': Congress slams S Jaishankar's statement on China issue", *The Telegraph*, 23 February 2023, <https://www.telegraphindia.com/india/blasphemous-congress-slams-s-jaishankars-statement-on-china-issue/cid/1918295>; Press Trust of India (2021), 'Congress questions govt silence on veracity of 'Galwan video', says PM must ensure China is held accountable', *The Indian Express*, 15 October 2021, <https://indianexpress.com/article/india/india-china-border-video-galwan-valley-congress-7573611>.

²⁶ Modi, N. (@narendramodi) via X (2024), 'Thank you @Chingtelai for your warm message [...]', 5 June 2024, <https://twitter.com/narendramodi/status/1798339373785911656>; *South China Morning Post* via Yahoo Finance (2024), 'US lawmakers meeting Modi after Dalai Lama signals New Delhi shift on China: analysts', 21 June 2024, <https://finance.yahoo.com/news/us-lawmakers-meeting-modi-dalai-093000485.html>.

momentum moving from disengagement to de-escalation and beyond to a possible de-induction of forces along the border. An eventual demilitarization of the border will be easier said than done, given the frequency of border transgressions taking place as Beijing tests New Delhi's resolve on the border. The possibility of future stand-offs and skirmishes cannot be ruled out.

A lasting solution to the border dispute will require a grand bargain that entails meaningful concessions on both sides, including a final resolution of the border issue alongside other geopolitical and economic concerns. While a comprehensive rapprochement is unlikely in the near term, so is large-scale conflict. Either country, or both, would need to cross the other's red lines to trigger wider hostilities. China's red lines would be signs that India is providing more overt support for the cause of Tibetan separatism or Taiwanese independence, or for other claimants in the South China Sea, backed by a more formal military alliance-type of relationship with the US. India's red lines would be China providing more direct support to Pakistan in the event of a future conflict over Kashmir, for example, or more overt signs that Beijing is undermining regional security in India's neighbourhood.

The main factors behind bilateral tensions

Previous tensions and ongoing irritants between China and India derive from each side perceiving that its sovereignty and international status have been challenged by the other. Underlying all this is the question of trust. Official statements make frequent reference to the need for 'mutual trust' as the basis for cooperation. However, mutual mistrust is entrenched. For New Delhi, the mistrust stems from the 1962 war and the years leading up to it, notably the annexation of Tibet by China in 1951. For Beijing, mistrust is rooted in a tendency to view India as a mere pawn of the West. That tendency also pre-dates the 1962 war, with Beijing referring to India's first prime minister, Jawaharlal Nehru, as the 'running dog of imperialism' as early as 1949.²⁷

Sovereignty and territorial integrity

China and India maintain a strong commitment to protecting their sovereignty and territorial integrity. In this context, China's claim to Tibet and India's claim to Kashmir are intertwined in the boundary dispute and bilateral relations in general.

China views Tibet an indispensable part of its territory, and strongly condemns any foreign interference in what it considers as its domestic affairs. The Tibetan spiritual leader in exile, the 89-year-old Dalai Lama, has resided in India since he fled Tibet in 1959. The question of his succession remains unresolved and is a potential flashpoint in the future.²⁸ The Dalai Lama has noted that his successor will come from the 'free world' (i.e. not China), although Beijing claims a veto over the selection

²⁷ Kalha, R.S. (2012), 'Tibet as a Factor in Sino-Indian Relations', *Journal of Defence Studies*, 6(4), p. 11, https://www.idsa.in/system/files/jds_6_4_RSKalha.pdf.

²⁸ Gokhale, V. (2024), *The Next Dalai Lama: Preparing for Reincarnation and Why it Matters to India*, paper, Washington, DC: Carnegie Endowment for International Peace, <https://carnegieendowment.org/research/2024/11/the-next-dalai-lama-preparing-for-reincarnation-and-why-it-matters-to-india?lang=en>.

process.²⁹ This issue is likely to flare up as the Dalai Lama has stated that he will reveal more details on his succession around his 90th birthday in July 2025.³⁰ Beijing regards the India-based Tibetan government-in-exile as ‘separatist forces’.³¹ Adding to the problem is the factionalism within the Tibetan community in exile, which is only likely to grow as the Dalai Lama’s authority wanes and after his eventual death.

India has recognized Tibet as part of China since 1954. Its official position regarding Tibet’s status has generally remained unchanged since then, although New Delhi has used the issue as leverage during periods of difficult bilateral relations.³² India’s stance over Tibet can be seen as a bellwether of the China–India relationship.³³ Beijing fears that New Delhi could use Tibet as part of a strategic bargain against China’s growing presence in South Asia.³⁴ The situation is further complicated by the US adopting a more vocal position on Tibet, as noted by recent congressional legislation.³⁵

On Kashmir, which New Delhi views as an integral part of India, China is a party to the territorial dispute through its claim to Aksai Chin/Eastern Ladakh. China’s close relationship with Pakistan – the other claimant to Kashmir – has exacerbated tensions. Beijing has implicitly recognized the latter’s territorial claim, evidenced by Pakistan giving China a slice of the territory (Shaksgam/Trans-Karakoram Tract) that it held in 1963, and by the launch of the China–Pakistan Economic Corridor (CPEC) in 2015, which traverses the Pakistani-administered part of Kashmir.³⁶ This partly explains New Delhi’s reluctance to endorse China’s Belt and Road Initiative, of which the CPEC is a key component.

Asymmetry of status

Each side’s perceptions regarding the status of the other have a significant effect on the bilateral relationship. A key theme of the relationship and its tensions is the two sides’ comparative asymmetry – both material and perceptual.

²⁹ On Beijing’s position on the Dalai Lama’s succession, see State Administration for Religious Affairs, People’s Republic of China, ‘State Religious Affairs Bureau Order Number 5: Measures on the Management of the Reincarnation of Living Buddhas in Tibetan Buddhism’, 18 July 2007, <https://www.cecc.gov/resources/legal-provisions/measures-on-the-management-of-the-reincarnation-of-living-buddhas-in-0>.

³⁰ Das, K. N. (2025), ‘Dalai Lama says his successor to be born outside China’, Reuters, 11 March 2025, <https://www.reuters.com/world/asia-pacific/dalai-lama-says-his-successor-be-born-outside-china-2025-03-11>.

³¹ Ministry of Foreign Affairs of the People’s Republic of China (2025), ‘Foreign Ministry Spokesperson Mao Ning’s Regular Press Conference on March 11, 2025’, press release, 11 March 2025, https://www.mfa.gov.cn/eng/xw/fyrbt/202503/t20250311_11572943.html.

³² For instance, New Delhi will occasionally refer to the region by its geographic name (Tibet) rather than its political name (‘Tibet Autonomous Region’). In the past, New Delhi also adopted the practice of referring to Chinese ‘suzerainty’ rather than ‘sovereignty’ over Tibet. See Dilip Sinha, D. (2024), ‘How India Lost the Case on Tibet’, Open, 12 July 2024, https://open.themagazine.com/lounge/books/how-india-lost-the-case-on-tibet/#google_vignette.

³³ Fang, T. (2020), ‘Solving a solved problem: The Tibet Issue in China-India relations’, in Bajpai, K., Ho, S and Chatterjee Miller, M. (eds) (2020), *Routledge Handbook of China-India Relations*, Abingdon: Routledge.

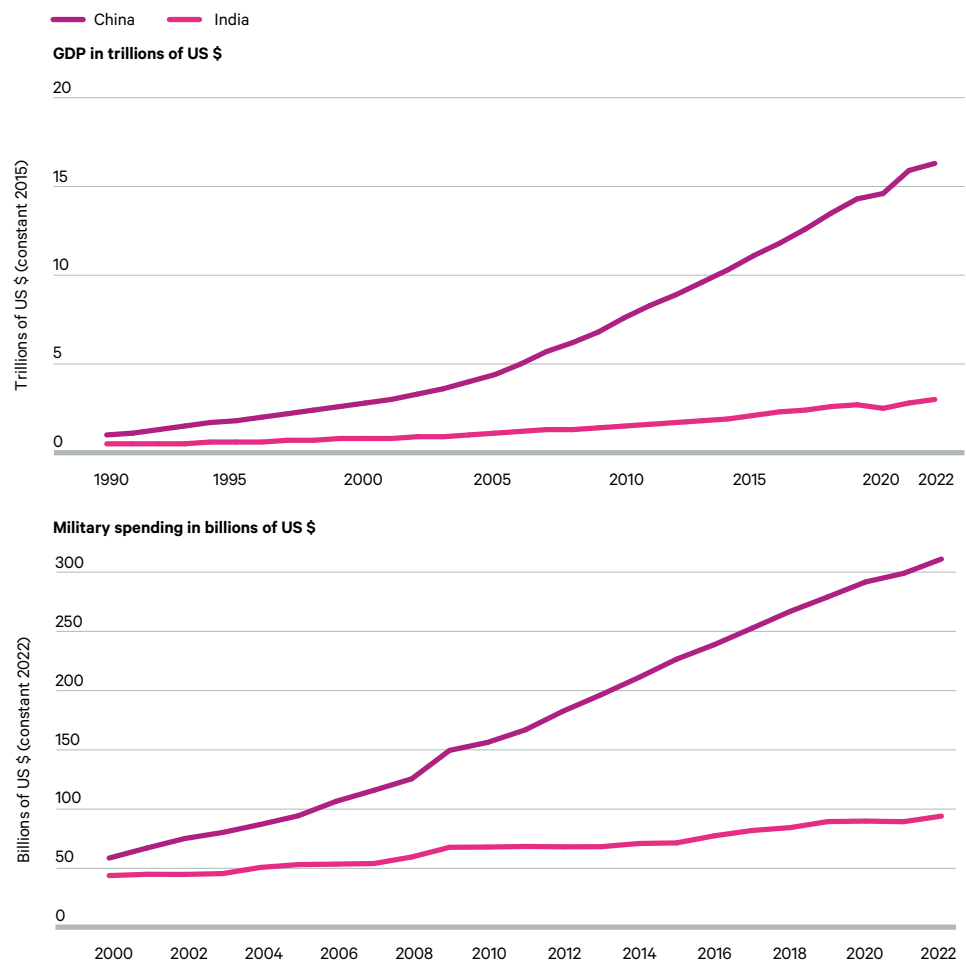
³⁴ Wu, L. (2020), ‘印度对中美竞争的认知与应对’ [India’s perception and responses to China-US Competition], *International Studies* 国际问题研究, 2020, Issue 4, p. 62, https://m.thepaper.cn/baijiahao_8535925; Zhu, W. (2014), ‘朱维群谈西方为何在涉疆涉藏问题上与中国过不去’ [Why the West has always been difficult with China on Tibet and Xinjiang issues – Interview with Mr Zhu Weiqun, Chair of Ethnicity and Religious Affairs Sub-Committee, the National Committee of China’s People Political Consultative Conference], <http://www.cppcc.gov.cn/zxww/2014/02/19/ARTI1392786637690908.shtml>.

³⁵ Congressional Research Service (2023), ‘H.R. 533 – ‘Promoting a Resolution to the Tibet-China Dispute Act’ (Resolve Tibet Act) (Introduced 26 January 2023)’, <https://www.congress.gov/bill/118th-congress/house-bill/533>; Congressional Research Service (2019), ‘H.R.4331 – ‘Tibetan Policy and Support Act of 2019’ (Introduced 13 September 2019)’, <https://www.congress.gov/bill/116th-congress/house-bill/4331>.

³⁶ Ministry of Planning, Development and Special Initiatives, Government of Pakistan, CPEC Secretariat (undated), ‘Home page’, <https://cpec.gov.pk/index>.

The material imbalance is captured in a simple comparison of the two economies, with China’s GDP five times larger than that of India (Figure 2). The gap between the Chinese and Indian economies will continue to widen for the foreseeable future, even though India is the world’s fastest-growing major economy and is on course to surpass Germany and Japan as the world’s third largest economy before the end of this decade. The economic imbalance has also translated into a military imbalance, with China’s defence budget three times that of India.³⁷

Figure 2. China outweighs India significantly in both GDP and military spending



Source: Rajagopalan, R. P. (2024), 'India-China Relations Are Unlikely to See Much Progress', ChinaPower, Center for Strategic and International Studies, 15 February 2024, <https://chinapower.csis.org/analysis/rajagopalan-india-china-relations>.

Perceptual asymmetry is less apparent but equally as influential. Beijing has long been unwilling to recognize India as a peer and an equal.³⁸ This was true even when India and China maintained similar-sized economies. The lack of recognition

³⁷ Chen, Z. (2024), 'China plans to raise defense spending by 7.2% to \$231b', *China Daily*, 7 March 2024, http://eng.chinamil.com.cn/CHINA_209163/TopStories_209189/16291641.html; Bhatia, V. K. (2024), 'Defence Budget 2023-24', *India Strategic*, 10 February 2024, <https://www.indiastrategic.in/defence-budget-2023-24>; Global Firepower (2025), 'Comparison of India and China Military Strengths', <https://www.globalfirepower.com/countries-comparison-detail.php?country1=india&country2=china> (accessed 1 Feb. 2025).

³⁸ Fang, T. (2014), *Asymmetrical Threat Perceptions in India-China Relations*, New Delhi: Oxford University Press.

is a constant source of frustration to New Delhi. While India perceives itself as an independent pole of influence in an emerging multipolar international system, China sees India as a mere pawn in the more consequential geopolitical rivalry between itself and the US. As Rajiv Sikri, a former Indian diplomat and secretary for East Asia in India's Ministry of External Affairs, notes:

China sees its relationship with India only through the prism of its rivalry with the United States. It mistakenly ignores India's deep concerns about many bilateral issues with China, which bears no relation to the state of India's relations with the United States.³⁹

Other Indian foreign policy practitioners and scholars echo this view. According to one foreign policy scholar, 'Beijing does not see India as a rival or global power', but 'as an irritant in siding with the US in the Indo-Pacific'.⁴⁰ Another notes that Beijing sees India as an 'appendage to the US, not as an equal partner'.⁴¹ A former Indian foreign policy official said: 'the Chinese do not understand India, seeing it as a stooge of the United States'.⁴²

Statements by Chinese scholars would seem to affirm this dismissive tendency. One notes that 'for India, the challenge is to encourage a belief that it is bigger than it actually is'. Referring to India's view of itself as a *Vishwaguru* or 'world teacher', the same scholar dismissively asks: 'what would India teach the world?'⁴³ This proclivity to view New Delhi's actions in terms of the China–US relationship has fuelled the security dilemma between both countries.⁴⁴ A Chinese scholar notes that, 'with China–US competition intensifying, Washington naturally needs India... just as it needed Beijing during the Cold War to counterbalance Moscow'.⁴⁵

The perceptual asymmetry is also evident in the upper echelons of the countries' respective diplomatic services. Of the last 14 Indian foreign secretaries, six have served as ambassador to China or held positions in the Ministry of External Affairs (MEA) with a significant focus on China.⁴⁶ This is on par with the number who have served as US ambassador, reflecting the equal importance that New Delhi attaches to relations with China and the US (Table 1). Contrast this with China where the last five foreign ministers have held diplomatic posts in the US or other G7 members prior to their elevation. For Chinese ministers, holding a position in India is not a prerequisite for the ultimate promotion to foreign minister or director of the Central Foreign Affairs Commission (the highest decision-making body for foreign policy in the Communist Party of China).

³⁹ Sikri, R. (2024), *Strategic Conundrums: Reshaping India's foreign policy*, Gurugram: Penguin Random House, p. 127.

⁴⁰ Interview with Indian scholar of China–India relations, 23 October 2024.

⁴¹ Interview with Indian scholar of China–India relations, 24 October 2024.

⁴² Interview with former Indian foreign policy official, 22 October 2024.

⁴³ Zhou, B (2024), 'China and India should be Global South anchors, not power competitors', Center for International Security and Strategy, Tsinghua University, 12 February 2024, <https://ciss.tsinghua.edu.cn/info/Opinions/6919>; Zhou, B. (2023), 'An India seeking gains from US-China rivalry is no guru to the world', Center for International Security and Strategy, Tsinghua University, 8 October 2023, <https://ciss.tsinghua.edu.cn/info/OpinionsandInterviews/6498>.

⁴⁴ Jervis, R. (1978). 'Cooperation Under the Security Dilemma', *World Politics*, 30(2), pp. 167–214.

⁴⁵ Zhou (2024), 'China and India should be Global South anchors, not power competitors'.

⁴⁶ In India, the foreign secretary is the highest-level career diplomat, whereas the external affairs minister is a political appointee who is usually a politician. However, this is not always the case, as shown by India's current external affairs minister, S. Jaishankar, who is a former foreign secretary himself.

Table 1. China is considered a top-level appointment for Indian diplomats, but China does not give India the same status

Indian foreign secretaries	Previous appointments	Chinese foreign ministers/ directors of Central Foreign Affairs Commission	Previous appointments
Vikram Misri (incumbent)	Ambassador to China (2019–21) , Spain, Myanmar	Wang Yi (incumbent; also held the post in 2013–22)	Ambassador to Japan (2004–07)
Vinay Mohan Kwatra (2022–24)	Ambassador to US (incumbent) , France, Nepal	Qin Gang (2022–23)	Ambassador to US (2021–23)
Harsh Vardhan Shringla (2020–22)	Ambassador to US (2019–20) , Bangladesh, Thailand	Yang Jiechi (2007–13)	Ambassador to US (2001–05)
Vijay Gokhale (2018–20)	Ambassador to China (2016–17) , Germany, Malaysia	Li Zhaoxing (2003–07)	Ambassador to US (1998–2001)
Subrahmanyam Jaishankar (2015–18)	Ambassador to US (2013–15) , China (2009–13) , Singapore, Czech Republic	Tan Jiaxuan (1998–2003)	Chargé d'affaires to Japan (1988–91)
Sujatha Singh (2013–15)	High Commissioner to Australia, Ambassador to Germany	Qian Qichen (1988–98)	N/A
Ranjan Mathai (2011–13)	High Commissioner to UK, Ambassador to France, Israel, Qatar		
Nirupama Rao (2009–11)	Ambassador to US (2011–13) , China (2006–09) , Sri Lanka, Peru, Bolivia		
Shivshankar Menon (2006–09)	Ambassador to China (2000–03) , Pakistan, Sri Lanka, Israel		
Shyam Saran (2004–06)	Ambassador to Myanmar, Indonesia, Nepal, Mauritius; Head of East Asia Division in MEA		
Shashank (2003–04)	Ambassador to Denmark, Indonesia, South Korea		
Kanwal Sibal (2002–03)	Ambassador to Russia, France, Egypt, Turkey; Deputy Chief of Mission, Washington, DC (1992–95)		
Choklila Iyer (2001–02)	Ambassador to Ireland		
Lalit Mansingh (1999–2001)	US (2001–04) , UK, UAE, Nigeria		

This asymmetry is not just confined to the elite level. Polls reveal that Indians see China as the ‘greatest military threat’ to India (Table 2). One Indian foreign policy scholar notes, ‘no constituency in India wants a rapprochement with China’, which makes the possibility of a lasting reconciliation difficult to achieve.⁴⁷ While this is not entirely true – the Indian business lobby is eager to remove constraints on doing business with China – a Pew survey conducted in 2023 showed that Indians’ view of China is the least favourable among several emerging economies.⁴⁸ The *India Today* ‘Mood of the Nation’ poll conducted shortly after the border clashes in 2020 noted a very low level of trust towards China.⁴⁹ A survey of young Indians (aged 18 to 35) on foreign policy also revealed that anti-China sentiments are not confined to the older generation who experienced the 1962 war.⁵⁰ However, the same survey also revealed a dichotomy in how Indians view China: while more than 80 per cent of respondents viewed China as a ‘significant challenge’ to India, 58 per cent also advocated for deepened economic engagement with the country.⁵¹

While India perceives itself as an independent pole of influence in an emerging multipolar international system, China sees India as a mere pawn in the more consequential geopolitical rivalry between itself and the US.

In China, there is an attempt to paint a more favourable view of the bilateral relationship. However, a degree of ambivalence or indifference also exists towards India. In other words, the challenge is not so much that India is seen in negative terms, but rather that it is seen as irrelevant to Beijing’s worldview. A 2024 *Global Times* survey from Beijing showed greater enthusiasm in China for collaborating with India than vice versa, although only marginally.⁵² But tellingly, a Tsinghua University survey found that only 15 per cent of respondents regarded India as influential in world politics, while more than 40 per cent saw India as either lacking influence or irrelevant.⁵³

⁴⁷ Interview with Indian scholar of China–India relations, 24 October 2024.

⁴⁸ Huang, C., Fagan, M. and Gubbala, S. (2023), *Views of India Lean Positive Across 23 Countries*, Pew Research Center, 29 August 2023, <https://www.pewresearch.org/global/2023/08/29/indians-views-of-other-countries/#:~:text=Two-thirds%20of%20Indians%20express%20an%20unfavorable%20opinion%20of,where%20a%20majority%20has%20unfavorable%20views%20of%20China.>

⁴⁹ *India Today* (2020), ‘Mood of the Nation: China’, August 2020, <https://www.indiatoday.in/mood-of-the-nation-survey-2020>.

⁵⁰ Pant, H. V., Shivamurthy, A. G., Shekhawat, S. and Deo, S. (2024), *The ORF Foreign Policy Survey 2023: Young India and Multilateral World Order*, New Delhi: Observer Research Foundation, <https://www.orfonline.org/public/uploads/upload/20240203181946.pdf>.

⁵¹ *Ibid.*, p. 12.

⁵² *Global Times* (2024), ‘Nearly 70% Indian respondents believe close and cooperative relationship with China beneficial for India: GT survey’, 13 June 2024, <https://www.globaltimes.cn/page/202406/1314080.shtml>.

⁵³ Tsinghua University (2024), *Chinese outlook on international security*, p. 12, <https://www.chinausfocus.com/publication/2024/2024-Chinese-Outlook-on-International-Security-CN-CISS.pdf>.

Table 2. Public surveys show that Indians hold unfavourable views of China, but that the Chinese perceive India as largely irrelevant in global affairs

Survey	Question	Answer
Indian views of China		
Pew Research Center (2023)	Percentage of Indians who hold an unfavourable view of China	67% of Indians vs median average of 33% among other middle-income countries
<i>India Today</i> 'Mood of the Nation' (2020)	Can China be trusted?	No (84%)
	Are you in favour of boycotting Chinese products in India?	Yes (90%)
Observer Research Foundation Foreign Policy Survey (2023)	India's trust in China has severely depleted following Galwan clashes in 2020	Agree (80%)
	China uses its influence in multilateral institutions to restrict India from promoting its interests	Agree (79%)
	India and China should boost their economic engagement	Agree (58%)
Chinese views of India		
<i>Global Times</i> survey (2024)	In what areas do you most hope that India and China will cooperate in the future?	• Industry/manufacturing – China (31%) vs India (24%) • Internet and digital economy – China (21%) vs India (16%) • Climate change/environmental protection – China (21%) vs India (16%)
Tsinghua University (2024)	How influential India is in world politics?	• 1.8% – Very influential • 13.9% – Substantively influential • 40.9% – Indifference/neutral • 30.7% – Less influential • 12.7% – Irrelevant

Sources: Huang, Fagan and Gubbala (2023), *Views of India Lean Positive Across 23 Countries*; *India Today* (2020), 'Mood of the Nation: China'; Pant, Shivamurthy, Shekhawat and Deo (2024), *The ORF Foreign Policy Survey 2023*; *Global Times* (2024), 'Nearly 70% Indian respondents believe close and cooperative relationship with China beneficial for India: GT survey'; Tsinghua University (2024), *Chinese outlook on international security*.

Economic interdependence

Viewed from New Delhi, the economic relationship between China and India is both a source of grievance and a necessity. On the one hand, the most recent trade data from the World Bank reveals a growing trade imbalance. Chinese exports to India surpassed \$100 billion, while Indian exports to China amounted

to just over \$15 billion.⁵⁴ New Delhi has attributed this difference to Beijing's use of non-tariff barriers, prompting India to launch the highest number of anti-dumping investigations against China by any single country – more than 30 in 2024 alone and over 300 in total between 1995 and 2023.⁵⁵

On the other hand – and despite their difficult political relationship – China remains India's leading trade partner. In sectors ranging from pharmaceuticals to renewable energy, India maintains a heavy reliance on China.⁵⁶ For example, more than 40 per cent of India's pharmaceutical imports come from China. India's largest supplier of generic drugs to the US receives more than half of its active ingredients from China.⁵⁷ This reliance on Chinese supply chains continues despite restrictions on investment in strategically important sectors and a ban on several Chinese-owned apps, including TikTok and WeChat, which was implemented after the Galwan Valley clashes in 2020.⁵⁸

Recognition is growing in New Delhi that India cannot meet its ambitions to become a global manufacturing hub without components and raw materials sourced from China. The Indian finance ministry acknowledges this. Its *Economic Survey 2023–24* notes that 'it may not be the most prudent approach to think that India can take up the slack from China vacating certain spaces in manufacturing.'⁵⁹ The survey goes on:

To boost Indian manufacturing and plug India into the global supply chain, it is inevitable that India plugs itself into China's supply chain. Whether we do so by relying solely on imports or partially through Chinese investment is a choice that India has to make.⁶⁰

Indian corporates have lobbied the government to relax visa rules and investment restrictions on China. They are seeking ways to help Chinese companies to enter the Indian market, including by forming joint ventures.⁶¹

⁵⁴ World Integrated Trade Solution (undated), 'India trade balance, exports and imports by country and region 2022: China', <https://wits.worldbank.org/CountryProfile/en/Country/IND/Year/LTST> (accessed on 24 Feb. 2025).

⁵⁵ Barik, S. and Mishra, R. D. (2024), 'Opening up to China: Govt looks at options as business mounts pressure', *The Indian Express*, 23 October 2024, <https://indianexpress.com/article/india/govt-looks-at-options-as-business-mounts-pressure-for-china-dealings-again-9633750>.

⁵⁶ Sharma, M. (2025), 'India and China Should Admit Their Economies Are Intertwined', Bloomberg, 2 January 2025, <https://www.bloomberg.com/opinion/articles/2025-01-02/india-and-china-should-admit-their-economies-are-intertwined>.

⁵⁷ Policy Circle Bureau (2024), 'India struggling to free pharma industry from dependence on Chinese APIs', Policy Circle, 22 June 2024, <https://www.policycircle.org/industry/apis-import-dependence-on-china>;

Edney, A. (2024), 'US leans on India's Pharma Industry to Snub China. There's Just One Catch', Bloomberg, 5 February 2024, <https://www.bloomberg.com/news/articles/2024-02-05/generic-drugs-made-in-india-rely-heavily-on-chinese-made-ingredients>.

⁵⁸ Nair, R. (2020), 'Govt revises FDI policy over fears of Chinese takeover of Indian firms amid Covid-19 crisis', *The Print*, 18 April 2020, <https://theprint.in/economy/govt-revises-fdi-policy-overs-fears-of-chinese-takeover-of-indian-firms-amid-covid-19-crisis/404438>; AFP (2020), 'India bans 118 Chinese apps, accusing companies of stealing data', *Guardian*, 3 September 2020, <https://www.theguardian.com/world/2020/sep/03/india-bans-118-chinese-apps-accusing-companies-of-stealing-data>.

⁵⁹ Ministry of Finance, Government of India (2024), *Economic Survey 2023-24*, New Delhi: Department of Economic Affairs, Economic Division, p. 161, https://www.thehinducentre.com/resources/68435569-Economic-Survey-Complete-PDF_compressed.pdf.

⁶⁰ Ibid., p. 163.

⁶¹ Barik and Mishra (2024), 'Opening up to China'.

Examples of recent Sino-Indian business ventures include:

- The Chinese fashion retailer Shein, which was banned in 2020, re-entering the Indian market after licensing its brand to Reliance Retail;⁶²
- Bhagwati Products forming a joint venture with the Chinese company Huaqin Technology for smartphone manufacturing in India;⁶³ and
- India's JSW Group acquiring a stake in MG Motors from China's state-controlled SAIC Motor.⁶⁴

Such deals are likely to be approved on a case-by-case basis – and with conditionalities, such as Chinese companies being allowed only a minority shareholding in any joint venture with an Indian counterpart. Decisions will also be driven by a focus on supporting India's broader strategic objectives, such as facilitating technology transfers, building up the country's manufacturing potential and limiting Chinese access to strategically important sectors. Since investment rules for Chinese companies were tightened in 2020, 40 per cent of investment applications have been rejected and only 15 per cent approved.⁶⁵ Indian finance minister Nirmala Sitaraman has stated that there are no imminent plans to relax those restrictions, noting that 'we want business, we want investment, but we also need some safeguards, because India is located in a neighbourhood which is very, very sensitive.'⁶⁶

India's economic dependence on China has clear implications for the West's engagement with New Delhi, as Western policymakers often hold the view that India will be a beneficiary of de-risking or diversifying supply chains away from China.

This economic dependence on the part of India has clear implications for the West's engagement with New Delhi, as Western policymakers often hold the view that India will be a beneficiary of de-risking or diversifying supply chains away from China. While an argument can be made that economic interdependence between China and India reduces the likelihood of a major conflict, this does not prevent a possible broader geopolitical rivalry.

⁶² Reuters (2024), 'Ambani's Reliance to launch IPO-bound Shein in India, ET reports', 4 July 2024, <https://www.reuters.com/business/retail-consumer/reliance-retail-launch-shein-india-et-reports-2024-07-04/#:~:text=BENGALURU%2C%20July%204%20%28Reuters%29%20-%20Indian%20billionaire%20Mukesh,brick-and-mortar%20stores%2C%20The%20Economic%20Times%20reported%20on%20Thursday.>

⁶³ Khan, D. (2024), 'Bhagwati-Huaqin manufacturing joint venture get government nod; to make smartphones for Vivo', *Moneycontrol*, 22 August 2024, <https://www.msn.com/en-in/money/news/bhagwati-huaqin-electronics-manufacturing-joint-venture-gets-government-nod/ar-AA1pf3jh>.

⁶⁴ Reed, J. (2024), 'MG's Chinese owner and Indian steelmaker JSW team up to build electric vehicles', *Financial Times*, 20 March 2024, <https://www.ft.com/content/160501a4-4ce9-4b86-bc75-c20dd3d2b57f>.

⁶⁵ *The Economic Times* (2024), 'Chinese companies may be permitted to dilute stakes in JVs with Indian partners', 31 May 2024, <https://economictimes.indiatimes.com/news/economy/policy/chinese-companies-may-be-permitted-to-dilute-stakes-in-jvs-with-indian-partners/articleshow/110583169.cms>.

⁶⁶ Reuters via Yahoo Finance (2024), 'India to retain investment curbs on border nations', 23 October 2024, <https://finance.yahoo.com/news/india-retain-investment-curbs-border-043830668.html>.

The struggle for regional and global leadership

Since the 2020 border clashes, much of the global discussion about the China–India relationship has centred on the border issue as the core source of tensions between both countries. However, this perception overlooks the fact that the border issue is merely a symptom of a much broader geopolitical rivalry between two self-perceived ‘civilization-states’ that are competing for more prominence in the international system.⁶⁷ The fact that China has stabilized land borders with 14 of the countries it adjoins – with the notable exception of India (and, to a lesser extent, Bhutan) – suggests that something other than boundary claims are driving tensions. For example, Beijing has accepted the McMahon Line as the boundary between China and Myanmar, and yet it challenges the validity of the same line where it demarcates the border between China and India on the grounds that it is a colonial legacy.⁶⁸

The rivalry between both countries has deep roots in their quest for civilizational supremacy.⁶⁹ Since their emergence as independent nation states in the 1940s, China and India have maintained a competition for regional and global leadership. In the view of one former Indian policymaker, India and China ‘can never be friends’ as they ‘represent two different civilizations’; furthermore, the ‘border issue is not the cause’ but merely the ‘symptom of conflict’ between the two countries.⁷⁰ Another former Indian diplomat echoes these views, noting that ‘if by some magic the border issue is resolved tomorrow, relations will still remain difficult’.⁷¹

Both countries regard themselves as leading powers in Asia and in the Global South. Both accuse the other of failing to acknowledge or accommodate their own position.⁷² New Delhi favours a multipolar regional order, but sees Beijing’s actions as supporting a Sino-centric vision of the regional order. This divergence became apparent during the meeting between Xi and Modi on the sidelines of the BRICS summit in October 2024. While the Indian side noted the need for both countries to ‘contribute to a *multi-polar Asia* and multi-polar world’ [italics added for emphasis], the Chinese Ministry of Foreign Affairs referred to the need for both to ‘contribute to promoting a multipolar world and greater democracy in international relations’, with no reference to the regional order.⁷³ These differing read-outs of the same meeting allude to differing perceptions of both countries’ roles in the regional and global order.

⁶⁷ ‘A civilization-state defines its identity and political legitimacy not just through its current geopolitical boundaries or ethnic composition, but more crucially through the long-standing cultural and historical heritage it embodies’. See Root, H. L. (2024), ‘Civilisational Conflict’, *Survival*, 66(1), p. 43, <https://doi.org/10.1080/00396338.2024.2357479>.

⁶⁸ Office of the Geographer, Bureau of Intelligence and Research, US Department of State (1964), ‘International Boundary Study: Burma-China Boundary’, 30 November 1964, No. 42.

⁶⁹ Root (2024), ‘Civilisational Conflict’, pp. 43–48; Huntington, S. P. (1997), *The Clash of Civilizations and the Remaking of World Order*, New York: Touchstone.

⁷⁰ Interview with former Indian foreign policy official, 21 October 2024.

⁷¹ Interview with former Indian foreign policy official, 24 October 2024.

⁷² Lan, J. (2023), ‘Is India sincere in wanting to accommodate China for an “Asian century”?’’, China Institute of International Studies, 23 September 2023, https://www.ciis.org.cn/english/COMMENTARIES/202209/t20220923_8710.html.

⁷³ Office of the Prime Minister of India (2024), ‘Opening Remarks by PM during bilateral meeting with President of the People’s Republic of China on the sidelines of the 16th BRICS Summit’, 23 October 2024, https://www.pmindia.gov.in/en/news_updates/opening-remarks-by-pm-during-bilateral-meeting-with-president-of-the-peoples-republic-of-china-on-the-sidelines-of-the-16th-brics-summit/?comment=disable; Ministry of Foreign Affairs of the People’s Republic of China (2024), ‘President Xi Jinping Meets with Indian Prime Minister Narendra Modi’, press release, 24 October 2024, https://www.mfa.gov.cn/eng/xw/zyxw/202410/t20241023_11514914.html.

Neither country is willing to recognize the other's claim to civilizational greatness. New Delhi sees itself as the rightful heir to the Asian order. In a speech in 2017, M. J. Akbar, the Indian minister of state for external affairs, said that 'if Asia is the east, then it is India that is the true middle of the east.... Geopolitically, and for many other reasons, India is the pivotal nation of Asia'.⁷⁴ This echoes the position of India's first prime minister Jawaharlal Nehru who noted that India is the 'natural leader' of Asia.⁷⁵ At the same time, India is unwilling to acknowledge China's centrality in Asia. Shyam Saran, the former Indian foreign secretary, has written that 'there is little in history to support the proposition that China was indeed the centre of the Asian universe', alluding to China's self-perceived status as the 'Middle Kingdom' within a Sino-centric regional order.⁷⁶ Saran added that 'an imagined history is being put forward to seek legitimacy for China's claim to Asian hegemony'.⁷⁷

China has propagated its own civilizational identity through its 'Global Civilization Initiative'.⁷⁸ Questions have also been raised among some Chinese analysts about the Modi government's efforts to promote India as a civilizational state amid alleged linkages between the rise of Hindu nationalism and the pursuit of a more assertive Indian foreign policy.⁷⁹

During more cordial periods in the bilateral relationship, leaders have sometimes used more conciliatory and cooperative language. For example, in 2009 Indian prime minister Manmohan Singh (2004–14) stated that 'there is ample space in the world to accommodate the growth ambitions of both India and China'.⁸⁰ However, such periods have been few and far between, with rhetoric about cooperation mostly outweighed by the reality of competition.

Seeking influence in regional and global forums

In practical terms, civilizational rivalry has manifested in the form of both countries' opposition to the other's expanded role in regional and global forums. India has maintained a long-standing aversion to China-led regional and global initiatives. Chief among these is the Belt and Road Initiative (BRI) – India is the only South Asian country not to endorse it. India's decision in 2019 to exit negotiations to join Asia's largest multilateral free trade agreement, the Regional

⁷⁴ Ministry of External Affairs, Government of India (2017), 'Address by MJ Akbar, Minister of State for External Affairs at the India-ASEAN Connectivity Summit in New Delhi, 11 December 2017', speech, 11 December 2017, https://www.mea.gov.in/Speeches-Statements.htm?dtl%2F29169%2FAddress_by_M_J_Akbar_Minister_of_State_for_External_Affairs_at_the_INDIAASEAN_Connectivity_Summit_in_New_Delhi_December_11_2017.

⁷⁵ Sikri (2024), *Strategic Conundrums: Reshaping India's foreign policy*, p. 133.

⁷⁶ Saran, S. (2022), *How China Sees India and the World*, New Delhi: Juggernaut Books, p. 32.

⁷⁷ *Ibid.*, p. 31.

⁷⁸ Information Office of the State Council of the People's Republic of China (2023), '携手构建人类命运共同体：中国的倡议与行动' [Working together to build a community with a shared future for mankind: China's initiatives and action], *Xinhua*, 26 September 2023, https://www.gov.cn/zhengce/202309/content_6906335.htm; Long, L. W. (2024), '深刻把握全球文明倡议的文明境界' [Deeply grasp the civilizational realm of the Global Civilization Initiative], *Qiushi*, 29 May 2024, http://www.qstheory.cn/dukan/hqwg/2024-05/29/c_1130153477.htm.

⁷⁹ Mazumdar, A. (2018), 'India's soft power diplomacy under the Modi administration: Buddhism, Diaspora and Yoga', *Asian Affairs*, 49(3), pp. 475–79, <https://doi.org/10.1080/03068374.2018.1487696>; Liu, Z. (2023), '全球文明倡议和中印关系的未来' [Global Civilization Initiative and the Future of Sino-India relations], Shanghai Institutes For International Studies, 10 April 2023, <https://www.sis.org.cn/sp/14760.jhtml>.

⁸⁰ Agencies (2009), 'World big enough for both India, China: Manmohan', *The Indian Express*, 30 October 2009, <https://indianexpress.com/article/news-archive/latest-news/world-big-enough-for-both-india-china-manmohan>.

Comprehensive Economic Partnership (RCEP), was also triggered in part by New Delhi's concern that the RCEP would offer a means for Chinese products to flood the Indian market, undermining the competitiveness of Indian companies.⁸¹ India's relatively low-key chairmanship of the Shanghai Cooperation Organisation (SCO) in 2023 – in the form of a virtual summit – and Modi's absence from the SCO summit in 2024, signalled that New Delhi may be deprioritizing engagement with the regional forum that China established.⁸²

While both countries may adopt similar positions on issues of global governance – such as reform of international institutions – these are pursued in parallel rather than in collaboration.

Meanwhile, China is the only permanent member of the UN Security Council (UNSC) not to endorse India's candidacy for a permanent UNSC seat. China has also derailed India's efforts to become a member of the Nuclear Suppliers Group. President Xi did not attend the G20 summit in 2023, held under India's chairmanship. At a regional level, Beijing has resisted New Delhi's efforts to join forums such as the East Asia Summit, reflecting its aversion to seeing India as part of the broader Asian architecture.⁸³ One of the reasons that Beijing has been apprehensive about embracing the 'Indo-Pacific' strategic geography is that it prefers to see India as a South Asian power rather than a broader Asian power. A former Indian diplomat notes: 'China is not supporting our rise; in fact, they are actively thwarting our rise.'⁸⁴ The same diplomat characterizes China's position as a 'mix of a "status quo-ist" country' while also 'creating a parallel universe of institutions, which are China-centric'.⁸⁵

This broader geopolitical rivalry can have an impact on the effective functioning of regional and global institutions. For example, in 2009 China attempted to block an Asian Development Bank loan to India on the grounds that it included funding for the Indian state of Arunachal Pradesh, which China

⁸¹ Gupta, S. and Ganguly, S. (2020), 'Why India Refused to Join the World's Biggest Trading Bloc', *Foreign Policy*, 23 November 2020, <https://foreignpolicy.com/2020/11/23/why-india-refused-to-join-rcep-worlds-biggest-trading-bloc>.

⁸² Putz, C. (2023), 'Why Was India's SCO Summit Virtual?', *The Diplomat*, 6 July 2023, <https://thediplomat.com/2023/07/why-was-indias-sco-summit-virtual>; *Firstpost* (2024), 'Why is PM Modi skipping SCO Summit in Kazakhstan?', 3 July 2024, <https://www.firstpost.com/explainers/sco-summit-pm-modi-kazakhstan-s-jaishankar-china-13788450.html>.

⁸³ In addition to China's resistance to India's admission as a founding member of the East Asia Summit in 2005, Beijing promoted the ASEAN+3 process of regional engagement (excluding India) over the broader ASEAN+6 process (that includes India). See Bajpae, C. (2022), 'India's inclusion in regional architecture: admission to East Asia Summit (2005)', in Bajpae, C. (2022), *China in India's post-Cold War engagement with Southeast Asia*, Abingdon: Routledge, pp. 167–69.

⁸⁴ Interview with former Indian foreign policy official, 24 October 2024.

⁸⁵ Ibid.

claims as ‘South Tibet’.⁸⁶ More recently, delays in the release of the second tranche of an IMF loan to Sri Lanka were attributed in part to China’s preference to conduct separate bilateral negotiations with Colombo that were out of sync with the Official Creditor Committee, which is co-chaired by India (alongside France and Japan).⁸⁷

Convergences and divergences over global governance

In principle, China and India have similar positions on various issues of global governance. Although both countries challenge each other’s bid to lead the global order, they largely agree on the need to reform that order. Both countries support a more equitable distribution of power in a multipolar international system. This has been reflected in both countries’ participation in the BRICS grouping and the Asian Infrastructure Investment Bank (AIIB). An Indian national was appointed the first president of the BRICS New Development Bank, in which India holds a one-fifth share, and India is the second-largest equity holder in the AIIB after China. Plus, a large proportion of the loans from these institutions go to India.⁸⁸ Their participation in the BRICS and AIIB reflect that both China and India have a common stake in the success of these initiatives.

While India supports the principles of state sovereignty, international law, the peaceful resolution of international disputes and an open international economy, it also seeks to scale back emphasis on such areas as human rights, liberalism and interventionism – much like China.⁸⁹ Evidence of this can be seen in New Delhi’s position on several legal principles and issues of global governance – including freedom of navigation, climate change, the right to development and the responsibility to protect – where India often aligns more closely with China than with Western countries (Table 3). An analysis of India’s voting in the UN General Assembly in 2022–23 revealed that it aligned with China 81 per cent of the time, compared to 38 per cent with the US, for example.⁹⁰ Jaishankar has openly acknowledged this pattern: ‘For all their issues with each other, India or China have at the back of their mind a feeling that they are also contesting an established Western order’.⁹¹

⁸⁶ BBC News (2009), ‘China rebukes ADB over India fund’, 19 June 2009, http://news.bbc.co.uk/1/hi/world/south_asia/8109073.stm.

⁸⁷ Macan-Markar, M. (2023), ‘China keeps Sri Lanka in debt grip, stalling IMF relief’, *Nikkei Asia*, 3 October 2023, <https://asia.nikkei.com/Spotlight/Sri-Lanka-crisis/China-keeps-Sri-Lanka-in-debt-grip-stalling-IMF-relief>.

⁸⁸ Patranobis, S. (2020), ‘With \$4.5 billion in loans, and a \$1 billion more in pipeline, co-founder India is top China-led bank borrower’, *Hindustan Times*, 28 June 2020, <https://www.hindustantimes.com/india-news/with-4-5-billion-in-loans-and-a-1-billion-more-in-pipeline-co-founder-india-is-top-china-led-bank-borrower/story-nLJr6S5KxPOLK3L3lxNfaM.html>.

⁸⁹ Mishra, A. (2023), ‘The World Delhi wants: official Indian conceptions of international order, c. 1998–2023’, *International Affairs*, 99(4), p. 1415, <https://doi.org/10.1093/ia/iiaad126>.

⁹⁰ Lowy Institute Asia Power Index 2024 Edition (undated), ‘UN Voting Alignment: How important is India as a UN voting partner for countries in region? (Voting alignment by rank with other Index countries in adopted United Nations General Assembly resolutions (2022–23))’, <https://power.lowyinstitute.org/network-power/un-voting-alignment/india>.

⁹¹ Jaishankar, S. (2020), *The India Way: Strategies for an Uncertain World*, Noida: HarperCollins, pp. 137–38.

Table 3. Despite some important differences, China and India often align on major global issues

Issue/principle	Convergence	Divergence
Global/regional order	Support emergence of a more equitable distribution of power in a multipolar global order.	- India does not want to replace US-led global order with Sino-centric global order; - Beijing has been less forthcoming in supporting the multipolar regional order favoured by New Delhi.
Non-intervention	Engagement with non-democratic or weakly democratic regimes (Iran, Myanmar, Bangladesh under Sheikh Hasina).	- Israel–Gaza: China more vocal in condemning Israel’s actions than India; - Ukraine: China more emphatic in its support for Russia than India
Right to development vs green energy transition	- Importance of hydrocarbons in energy mix (e.g. phasing ‘down’, rather than phasing ‘out’, coal); - Emphasis on climate justice through common but differentiated responsibilities for advanced and emerging economies; - Opposition to ‘green’ protectionism (e.g. EU CBAM, US IRA).	- India more open to international collaboration on technology transfers (e.g. International Solar Alliance, Global Biofuels Alliance); - China less vocal as it has gained dominance in green technology supply chains.
Freedom of navigation	Oppose ‘innocent’ passage of military vessels through their exclusive economic zones without prior consent.	India promotes peaceful settlement of maritime territorial disputes in accordance with international law (e.g. via UNCLOS).

However, there is little evidence of explicit coordination or cooperation on both countries’ positions on these issues. For instance, while Beijing and New Delhi have voiced concerns about the weaponization of the dollar in response to the 2022 Russian invasion of Ukraine, they maintain very different views on how to confront the challenge of the West’s leverage over the global financial system.⁹² According to one former Indian policymaker, ‘India does not have an interest in destabilizing the dollar-denominated system’, as it ‘prefers a dollar-denominated system over a Yuan-denominated system’.⁹³ While both countries may adopt similar positions on issues of global governance – such as reform of international institutions and expanding voting rights for emerging economies in Bretton Woods institutions – these initiatives are pursued in parallel rather than in collaboration.

On the BRICS grouping, India was a strong proponent of initiatives such as the New Development Bank and the Contingent Reserve Arrangement. But, as a former Indian diplomat notes, ‘now they [China] are developing BRICS in a manner which is causing a lot of concern [for India]’.⁹⁴ These

⁹² *People’s Daily* (2023), ‘美元 “武器化” 加速全球去美元化’ [Weaponizing dollars accelerates global de-dollarization], 10 September 2023, <http://finance.people.com.cn/n1/2023/0910/c1004-40074172.html>.

⁹³ Interview with former Indian foreign policy official, 22 October 2024.

⁹⁴ Interview with former Indian foreign policy official, 24 October 2024.

concerns include expansion of the group’s membership, which is ‘undermining the cohesiveness’, and its more ‘pronounced anti-West orientation – we are not comfortable with that. We don’t want BRICS to become a platform for geopolitical rivalry targeting the West’, the former diplomat said.⁹⁵

Box 1. Growing divergence over climate change

Climate was once seen as an area of cooperation between Beijing and New Delhi. Now, both countries are pursuing increasingly autonomous positions. During the Conference of the Parties (COP) meeting in Copenhagen in 2009, China and India (alongside Brazil and South Africa) coordinated their positions as part of the BASIC group of countries.⁹⁶ However, by 2015, at COP21 in Paris, Beijing had concluded a separate bilateral agreement with Washington.⁹⁷

This divergence is partly explained by the fact that China and India are at differing stages of development. China’s industrial and manufacturing capacity is reaching a plateau as the government seeks to transition the economy towards services and consumption while seeking to transform the country into a high-tech manufacturing power.⁹⁸ Meanwhile, India still hopes to build up its manufacturing base as part of the government’s ‘Make in India’ campaign, which is aimed at turning the country into a ‘global manufacturing hub’.⁹⁹ A former Indian diplomat explained that India did not want to be ‘in the same corner with China any longer because our interests are different – they can make commitments like peaking [on carbon emissions] because they have already gone through their industrialization, whereas we have a long way to go’.¹⁰⁰

Both countries continue to maintain a degree of alignment in global climate negotiations, as part of a continued emphasis on climate justice through common but differentiated responsibilities for advanced and emerging economies. At COP26, for example, both countries pushed for the language of the final communique to refer to phasing ‘down’, rather than phasing ‘out’, coal.¹⁰¹ At COP29, climate financing was a key point of contention with Western countries.¹⁰² Both China and India have voiced opposition to legislation such as the EU Carbon Border Adjustment Mechanism and the US Inflation Reduction Act, which they and other emerging economies see

⁹⁵ Ibid.

⁹⁶ BASIC stands for the names of the member countries: Brazil, South Africa, India and China. See Vidal, J. (2010), ‘China, India, Brazil and South Asia prepare for post-Copenhagen meeting’, *Guardian*, 13 January 2010, <https://www.theguardian.com/environment/2010/jan/13/developing-countries-basic-climate-change>.

⁹⁷ US Department of State (2021), ‘U.S.-China Joint Statement Addressing the Climate Crisis’, media note, 17 April 2021, <https://www.state.gov/u-s-china-joint-statement-addressing-the-climate-crisis>; The White House (2015), ‘U.S.-China Joint Presidential Statement on Climate Change’, press release, 25 September 2015, <https://obamawhitehouse.archives.gov/the-press-office/2015/09/25/us-china-joint-presidential-statement-climate-change>.

⁹⁸ Qiushi Commentary (2024), ‘Understanding New Quality Productive Forces and Accelerating Their Development’, *Qiushi Journal*, no. 5, 11 May 2024, http://en.qstheory.cn/2024-05/11/c_985265.htm.

⁹⁹ Bharatiya Janata Party (2024), ‘Modi ki guarantee for Global Manufacturing Hub’, *Modi ki guarantee 2024* [Modi’s Guarantee 2024: Once Again, Modi government], BJP Election Manifesto, pp. 42–44, <https://www.bjp.org/bjp-manifesto-2024>.

¹⁰⁰ Interview with former Indian foreign policy official, 24 October 2024.

¹⁰¹ Hook, L., Hodgson, C. and Pickard, J. (2021), ‘India and China weaken pledged to phase out coal as COP26 ends’, *Financial Times*, 13 November 2021, <https://www.ft.com/content/471c7db9-925f-479e-ad57-09162310a21a>.

¹⁰² Valdre, P. and Bardara, L. (2024), ‘Climate finance, carbon markets and more: 4 key takeaways from COP29’, *World Economic Forum*, 26 November 2024, <https://www.weforum.org/stories/2024/11/cop29-4-key-takeaways>.

as a form of ‘green’ protectionism.¹⁰³ However, New Delhi has shown greater willingness than China to work with Western countries through initiatives such as the International Solar Alliance and Global Biofuels Alliance to facilitate technology transfers.¹⁰⁴ In contrast, Beijing has been less forthcoming on such collaboration as it seeks to preserve its dominance in green tech supply chains.¹⁰⁵

Claims to leadership of the Global South

Underlying the geopolitical rivalry between China and India is a common ambition by both countries to lead the Global South. Publicly, both countries deny that they maintain such ambitions: China describes itself as a ‘natural member’ of the Global South while India sees itself as a ‘voice’ of the Global South.¹⁰⁶ In reality, such semantics belie a long-standing rivalry that can be traced to their quest for influence in what was known as the ‘Third World’ during the Cold War.¹⁰⁷

This rivalry has new-found momentum as both countries have acquired more economic and geopolitical heft in the international system in recent years. An example of this additional layer of competition can be seen in Africa. During India’s G20 presidency in 2023, New Delhi facilitated the African Union’s entry into the G20.¹⁰⁸ India has emerged as the second-largest bilateral creditor to Africa (after China) and its third-largest trade partner (after China and the EU).¹⁰⁹ New Delhi’s ambitions in Africa have been supported by a three-million-strong Indian diaspora on the African continent.

However, despite a slowdown in its outbound investment, China remains the dominant bilateral lender in large parts of the Global South, dwarfing India’s overseas lending. When it comes to large and risky infrastructure projects, Indian companies often lack the economic scale and state backing of their Chinese counterparts. China’s outward direct investment (ODI) in 2023 amounted to almost \$180 billion, while India’s ODI during the same fiscal year was almost \$110 billion. However, while China has been reorienting its overseas investment away from the

¹⁰³ Sinha, A. (2024), ‘Why India and China have pushed against climate change-related trade measures at COP29’, *The Indian Express*, 15 November 2024, <https://indianexpress.com/article/explained/explained-climate/climate-change-trade-measures-cop29-9667856>.

¹⁰⁴ India Ministry of Petroleum and Natural Gas (2024), ‘Global Biofuels Alliance’, press release, 25 July 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2036867>; Ministry of New and Renewable Energy (2024), ‘India Shines Bright: A New Era in Solar Energy: Progress Driven by the International Solar Alliance’, press release, 7 November 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2071486>.

¹⁰⁵ White, E. (2023), ‘How China cornered the market for clean tech’, *Financial Times*, 9 August 2023, <https://www.ft.com/content/6d2ed4d3-c6d3-4dbd-8566-3b0df9e9c5c6>.

¹⁰⁶ Zhou (2024), ‘China and India should be Global South anchors, not power competitors’.

¹⁰⁷ For an example of the Sino-Indian rivalry in the Global South during the Cold War period, see Acharya, A. (2017), ‘Chou En-Lai at Bandung: The Origins of Sino-Indian Rivalry?’, in Acharya, A. (2017), *East of India, South of China: Sino-Indian Encounters in Southeast Asia*, New Delhi: Oxford University Press.

¹⁰⁸ Roy, S. (2023), ‘African Union in G20: How India successfully pushed engagement with AU nations and amplified Global South’s voice’, *The Indian Express*, 10 September 2023, <https://indianexpress.com/article/explained/explained-global/african-union-au-g20-8931766>.

¹⁰⁹ *The Economist* (2024), ‘Adani’s problems in Kenya undermine Narendra Modi’s ambitions for Africa’, 5 December 2024, <https://www.economist.com/middle-east-and-africa/2024/12/05/adanis-problems-in-kenya-undermine-narendra-modis-ambitions-for-africa>.

West and towards countries in the Global South (as it faces growing investment restrictions in the former), Indian companies continue to look to Western countries for investment opportunities.¹¹⁰

Historically, India's strength lay in initiatives focused on providing technical assistance and capacity-building to countries in the Global South. Indian infrastructure investment often comes through private companies rather than state-owned enterprises. As such, this investment avoided the suspicion that is often associated with Chinese overseas lending, which is seen as an extension of the Chinese state. Indian companies do not face the same level of scrutiny that their Chinese counterparts face. Nor do Indian investors face suspicion over contracts being awarded to other Indian companies and of using Indian labour while providing limited employment opportunities to host nations.¹¹¹ However, the downside of Indian projects being more commercially than politically driven is that there may be less coordination and strategic thinking behind them.¹¹²

Both countries have sought to challenge the other's claim to leadership of the Global South. India has leveraged its position as the world's largest democracy and its strengths in the technology space to promote digital public infrastructure (DPI) in the Global South.¹¹³ DPI is seen as a means of improving governance through strengthening digital inclusion (or the 'democratization of technology') and welfare disbursements through direct benefit transfers. In doing so, New Delhi seeks to show that democracy and development can go hand in hand.

Meanwhile, China has dismissed India's aspirations to leadership of the Global South on the grounds of its own economic achievements. According to one Chinese scholar, 'needless to say, China has more to share with other developing countries on ways of achieving economic development' than India.¹¹⁴ This stance has been complemented by Beijing's promotion of initiatives (on global development, security and civilization) that it has sought to embed into forums representing Global South countries, including the Shanghai Cooperation Organisation and BRICS.¹¹⁵

¹¹⁰ Less than 10 per cent of China's 2023 ODI went to North America and Europe. In contrast, the US, the UK, the Netherlands and Switzerland alone accounted for more than 40 per cent of India's ODI in FY 2023. See Ministry of Commerce of the People's Republic of China (2024), '商务部、国家统计局和国家外汇管理局联合发布《2023年度中国对外直接投资统计公报》' [The Ministry of Commerce, the National Bureau of Statistics and the State Administration of Foreign Exchange jointly released the 2023 Statistical Communiqué on China's Outward Direct Investment], 24 September 2024, https://www.mofcom.gov.cn/tjsj/gwjhztj/art/2024/art_5ffd498d65d14383a8806b5c4346d613.html; and Reserve Bank of India (undated), 'Data on overseas investment', https://www.rbi.org.in/Scripts/Data_Overseas_Investment.aspx.

¹¹¹ *Firstpost* (2025), 'Unlike extractive models...': Jaishankar takes a dig at China 'debt trap' policy at Japan-India-Africa forum', 26 February 2025, <https://www.firstpost.com/world/unlike-extractive-models-jaishankar-takes-a-dig-at-china-debt-trap-policy-at-japan-india-africa-forum-13866884.html>.

¹¹² *The Economist* (2024), 'Adani's problems in Kenya undermine Narendra Modi's ambitions for Africa', 5 December 2024, <https://www.economist.com/middle-east-and-africa/2024/12/05/adanis-problems-in-kenya-undermine-narendra-modis-ambitions-for-africa>.

¹¹³ Bajpae, C. (2024b), *How India's democracy shapes its global role and relations with the West*, Research Paper, London: Royal Institute of International Affairs, <https://doi.org/10.55317/9781784136000>.

¹¹⁴ Zhou (2023), 'An India seeking gains from US-China rivalry is no guru to the world'.

¹¹⁵ Xie, W. (2024), 'China's GDI, GSI, and GCI foster global cooperation, address urgent challenges', *Global Times*, 28 September 2024, <https://www.globaltimes.cn/page/202409/1320506.shtml>; Chen, G. (2024), 'BRI, BRICS and SCO: Bringing to reality China's three global initiative', Strategem Group, 9 April 2024, <https://strategemgroup.com.sg/bri-brics-and-sco-bringing-to-reality-chinas-three-global-initiatives>; Ministry of Foreign Affairs of the People's Republic of China (2024), 'Member of the Political Bureau of the CPC Central Committee and Foreign Minister Wang Yi Meets the Press', press release, 7 March 2024, https://www.mfa.gov.cn/eng/wjzbzd/202405/t20240527_11312296.html.

At present, rivalry between China and India in the Global South is most pronounced in South Asia. What is happening in that region is a harbinger of the bilateral relationship’s likely future in other regions, as both countries become more consequential powers.

Box 2. Rivalry in South Asia

As the dominant regional power that shares contiguous borders with every country in South Asia, India considers the states of the region as critical for its security and prosperity. Meanwhile, China views the region through the prism of three foreign policy objectives: stabilizing its borders; securing trade routes along the Indian Ocean; and developing a market for its exports and investment. On stabilizing its borders, Bhutan and Nepal are important as countries that share contiguous land borders with China. On securing maritime trade routes, the island states of the Maldives and Sri Lanka, as well as Bangladesh, are important. Pakistan – Beijing’s long-time self-proclaimed ‘all-weather’ ally – is important in terms of all three objectives. The China–Pakistan Economic Corridor (CPEC) launched in 2015 is a key manifestation of this importance.¹¹⁶

China has emerged as a leading trade partner and source of foreign investment for countries in the region.¹¹⁷ New Delhi is concerned that Beijing is inflicting economic distress on the region through opaque lending practices and coercive economic activities. Adding weight to this narrative is the fact that three countries in the region – Bangladesh, Pakistan and Sri Lanka – are receiving IMF bailouts, while the Maldives is at risk of defaulting on its sovereign debt.¹¹⁸ China accounts for more than 70 per cent of Pakistan’s external bilateral debt, more than two-thirds of that of the Maldives, more than half of Sri Lanka’s external bilateral debt and a quarter of that of Bangladesh and Nepal.¹¹⁹ The Hambantota port project in Sri Lanka is now mentioned as a warning of China’s so-called ‘debt-trap’ diplomacy, after Beijing secured a lease of 99 years to the port when the Sri Lankan government was unable to service its debt obligations.¹²⁰

India has sought to project itself as a more responsible and reliable partner for South Asian countries. A former Indian foreign policy official describes how India has managed to leverage China’s ‘missteps’ in the region with a more nuanced approach –

¹¹⁶ Afzal, M. (2020), ‘“At all costs”: How Pakistan and China control the narrative on the China–Pakistan Economic Corridor’, Brookings Institution, June 2020, <https://www.brookings.edu/articles/at-all-costs-how-pakistan-and-china-control-the-narrative-on-the-china-pakistan-economic-corridor>.

¹¹⁷ Integrated Trade Solution (undated), ‘South Asia Trade Summary 2022 Data: Top Five Import and Export Partners’, <https://wits.worldbank.org/CountryProfile/en/Country/SAS/Year/LTST/Summary> (accessed 10 Dec. 2024).

¹¹⁸ Alim, A. N., Reed, J. and Cotterill, J. (2024), ‘Maldives hunts for bailout to avoid first Islamic sovereign debt default’, *Financial Times*, 11 September 2024, <https://www.ft.com/content/595863b5-7fdc-43de-9e13-224bbf6320e0>.

¹¹⁹ Radhakrishnan, V. and Rabboni, R. (2024), ‘Debt owed by Pakistan, Sri Lanka and Bangladesh to China rise to record levels: Data’, *The Hindu*, 10 May 2024, <https://www.thehindu.com/data/debt-owed-by-pakistan-sri-lanka-and-bangladesh-to-china-rise-to-record-levels-data/article68160207.ece>.

¹²⁰ Stacey, K. (2017), ‘China signs 99-year lease on Sri Lanka’s Hambantota port’, *Financial Times*, 11 December 2017, <https://www.ft.com/content/e150ef0c-de37-11e7-a8a4-0a1e63a52f9c>.

limiting criticism of South Asian countries' relations with China and being more forthcoming in providing financial assistance to countries in the region, such as the Maldives and Sri Lanka.¹²¹

Yet narratives about Chinese 'debt traps' have had limited resonance among South Asian countries, given their development needs.¹²² With the notable exception of Pakistan, countries in the region have sought to maintain a balanced relationship with both China and India.¹²³ For instance, Sri Lanka gradually phased out a moratorium on foreign research vessels – aimed at visiting Chinese ships – amid efforts to reaffirm its geopolitical neutrality.¹²⁴ Similarly, the current government in the Maldives, despite having campaigned on an 'India out' slogan during the presidential election in 2023 and, after stepping up its engagement with China on taking office, reverted to a more balanced position amid growing economic problems.¹²⁵

Nonetheless, India fears that growing dependence on China will affect these countries' strategic choices. China has emerged as an increasingly consequential security actor in the region. South Asia is the leading recipient of Chinese arms exports. Pakistan alone accounted for more than half of China's total arms exports in the period from 2019 to 2023.¹²⁶ China has also developed a permanent naval presence in the Indian Ocean region following its anti-piracy taskforce deployment in 2008 and the establishment of an overseas logistics facility in Djibouti in 2017.¹²⁷ India has tried to resist China's growing presence in the region by deepening engagement with neighbouring countries and Western countries, notably the US, the UK and France, while excluding China from regional forums.¹²⁸

¹²¹ Interview with former Indian foreign policy official, 23 October 2024; *Times of India* (2022), 'Explained: What India is doing to help Sri Lanka in crisis', 15 April 2022, <https://timesofindia.indiatimes.com/business/india-business/explained-what-india-is-doing-to-help-sri-lanka-in-crisis/articleshow/90864193.cms>.

¹²² Japan, not China, is South Asia's largest bilateral creditor, while multilateral creditors remain the primary source of the region's external public debt. See Samal, P. and Tin Yu To, A. (2024), 'Up & coming: Unpacking South Asia's growing role in global debt', *World Bank Blogs*, 13 March 2024, <https://blogs.worldbank.org/en/opendata/coming-unpacking-south-asias-growing-role-global-debt>.

¹²³ Janardhanan, A. (2024), 'Dissanayake will probably have a relationship that is on an even keel between India and China', *The Indian Express*, 23 October 2024, <https://indianexpress.com/article/india/bernard-goonetilleke-sri-lanka-presidential-elections-india-sri-lanka-bilateral-relations-9633839>.

¹²⁴ Francis, K. (2024), 'Sri Lanka declares moratorium on research ships for a year amid Indian concerns over Chinese vessels', Associated Press, 5 January 2024, <https://apnews.com/article/sri-lanka-india-china-research-ships-42ddb725105eb32b3b43fee8fff3838c>.

¹²⁵ *Hindustan Times* (2024), 'Amid signs of a thaw, India extends emergency financial assistance to Maldives', 20 September 2024, <https://www.hindustantimes.com/india-news/amid-signs-of-a-thaw-india-extends-emergency-financial-assistance-to-maldives-101726829858058.html>.

¹²⁶ *ChinaPower* (undated), 'How Dominant is China in the Global Arms Trade?', Center for Strategic and International Studies, <https://chinapower.csis.org/china-global-arms-trade> (accessed 1 Dec. 2024); Wezeman, P. D. et al. (2024), 'SIPRI Fact Sheet: Trends in International Arms Transfers, 2023', fact sheet, March 2024, Stockholm International Peace Research Institute, p. 5, <https://doi.org/10.55163/PBRP4239>.

¹²⁷ Chen, Z. (ed.) (2019), 'Djibouti: Chinese military's first overseas support base', People's Republic of China Ministry of National Defense, 23 April 2019, http://eng.mod.gov.cn/xb/News_213114/Videos/4840097.html.

¹²⁸ Regarding regional forums, China is not a member of any of the key regional initiatives in South Asia or the Indian Ocean region, including the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, the Indian Ocean Rim Association and the Indian Ocean Naval Symposium. China was granted observer status in SAARC (South Asian Association for Regional Cooperation) in 2005, in exchange for India's equivalent status in the Shanghai Cooperation Organisation the same year. See Bajpae (2020), 'China's influence in South Asia'.

How the China–India relationship intersects with the West

As the West engages Beijing and New Delhi, it needs to develop a better understanding of their relationship and its implications for both countries. Western policymakers do not generally frame their China policies through the prism of their relationship with New Delhi, but the West's India policies are driven in large part by the former's relationship with Beijing. The US in particular needs to recognize the nature and nuances of the Sino-Indian relationship in order to develop more realistic expectations of India in the context of Washington's own strategic competition with China. One of the key pillars of the India–US relationship is the US perception of India as a bulwark against the rise of China. This narrative has strengthened as both New Delhi and Washington have experienced a downturn in their relations with Beijing. As India–US relations have deepened, both countries have voiced common concerns about China's behaviour.¹²⁹ On its part, India has become more willing to call out acts of Chinese assertiveness, from the South China Sea to the Taiwan Strait.¹³⁰

India has also become less apprehensive about participating in US-led regional and global initiatives that New Delhi previously perceived as potentially offensive to Beijing. For instance, following the 2020 border clashes, New Delhi reinvigorated its engagement with the Quad (Quadrilateral Security Dialogue comprising Australia, India, Japan and the US), with the first leader-level summit held in 2021.¹³¹ India has also stepped up its participation in bilateral and multilateral initiatives led by the US, from the Initiative on Critical and Emerging Technology (renamed the TRUST Initiative by the Trump administration) to the Mineral Security Partnership and the Artemis Accords.¹³²

However, a potential challenge for the India–US relationship may emerge from India's economic dependence on China as the former continues to develop its prominence in global supply chains. In August 2023, for example, it was reported that the US Customs and Border Protection Agency had impounded Indian-made solar panels, worth more than \$40 million, on the grounds that the goods

¹²⁹ The White House (2015), 'US–India Joint Strategic Vision for Asia–Pacific and the Indian Ocean', 25 January 2015, <https://www.whitehouse.gov/the-press-office/2015/01/25/us-india-jointstrategic-vision-asia-pacific-and-indian-ocean-region>.

¹³⁰ See, for example, Quismundo, T. (2013), 'India Backs PH Arbitration Bid to Solve Sea Dispute', *Philippine Daily Inquirer*, 24 October 2013, <https://globalnation.inquirer.net/88541/india-backs-ph-arbitration-bid-to-solve-sea-dispute>; Parashar, S. (2015), 'India backs Philippines on South China Sea row', *Times of India*, 14 October 2015, <https://timesofindia.indiatimes.com/india/India-backs-Philippines-in-its-dispute-with-Beijing-over-claims-on-islands-in-South-China-Sea/articleshow/49362170.cms>; Sagar, P. (2023), 'Why are three former Indian service chiefs attending a security conference in Taipei?', *India Today*, 9 August 2023, <https://www.indiatoday.in/india-today-insight/story/why-are-three-former-indian-service-chiefs-attending-a-security-conference-in-taipei-2418222-2023-08-08>; *Economic Times* (2024), 'Foxconn chairman Young Liu receives Padma Bhushan; calls it "affirmation of collaboration" with India', 26 January 2024, <https://economictimes.indiatimes.com/tech/technology/foxconn-chairman-young-liu-receives-padma-bhushan-calls-it-affirmation-of-collaboration-with-india/articleshow/107161351.cms>.

¹³¹ The White House (2021), 'Fact Sheet: Quad Leaders' Summit', press release, 24 September 2021, <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2021/09/24/fact-sheet-quad-leaders-summit>.

¹³² TRUST refers to Transforming the Relationship Utilizing Strategic Technology. See The White House (2025), 'United States–India Leaders' Statement', 13 February 2025, <https://www.whitehouse.gov/briefings-statements/2025/02/united-states-india-joint-leaders-statement>.

contravened the US's Uyghur Forced Labor Prevention Act.¹³³ New Delhi has incentivized the indigenous production of solar panels through its Production-Linked Incentive scheme with the aim of facilitating self-sufficiency.¹³⁴ However, Indian companies continue to rely on Chinese suppliers for key components and raw materials, including photovoltaic cells and polysilicon. Short of negotiating sector-specific exemptions, this dependence on China will become a growing point of friction in the India–US relationship. It also has broader strategic implications. If China has leverage over core areas of India's long-term economic strategy, that will limit New Delhi's willingness and capacity to align with Washington during periods of Sino-US hostility.

Trump's second term will open up more space for China and India in the international system, but it will also likely fuel their rivalry as they compete for control of that space.

Another dimension affecting the India–US relationship is India's long-standing commitment to strategic autonomy in its foreign policy. This makes New Delhi reluctant to be part of any US-led initiative that resembles a military alliance.¹³⁵ The effect is to create ambiguity over the role that India would play in a potential China–US conflict – over Taiwan, for example.¹³⁶ Beijing has sought to encourage India's strategic autonomy. As one Chinese scholar notes, 'if the EU and India can uphold their respective autonomy, they will play a bigger role in international affairs, and the world will be highly likely to transfer into a multipolar reality, as a result'.¹³⁷ Members of India's strategic elite – particularly those on the far left – also continue to hold views that China and India should be partners rather than rivals.¹³⁸ While these tend to be fringe views, the vagaries of Indian coalition politics make it possible for such voices to gain ground over time.¹³⁹

Exacerbating these fault lines in the India–US relationship is an underlying mistrust of the US among Indian foreign policy elites. Tensions between India and the West have continued to flare up, notably linked to concerns about the state

¹³³ Krishnan, A. P. (2024), 'Why Indian exporters need to be cued into US curbs on China', *The Indian Express*, 22 October 2024, <https://indianexpress.com/article/opinion/columns/why-indian-exporters-need-to-be-cued-into-us-curbs-on-china-9632091>.

¹³⁴ Ministry of New and Renewable Energy, Government of India (undated), 'Production Linked Incentive (PLI) Scheme: National Programme on High Efficiency Solar PV Modules', <https://mnre.gov.in/en/production-linked-incentive-pli> (accessed 9 Dec. 2024).

¹³⁵ Bajpae, C. (2024c), 'Has India defanged the Quad?', Lowy Institute *The Interpreter*, 21 June 2024, <https://www.lowyinstitute.org/the-interpreter/has-india-defanged-quad>.

¹³⁶ Tellis, A. (2023), 'America's Bad Bet on India', *Foreign Affairs*, 1 May 2023, <https://www.foreignaffairs.com/india/americas-bad-bet-india-modi>; Tarapore, A. (2024), *Deterring an attack on Taiwan: Policy options for India and other non-belligerent states*, Barton: Australian Strategic Policy Institute, March 2024, https://www.arzantarapore.com/_files/ugd/4733de_58a21660b6c84dccba29fa511655f165.pdf.

¹³⁷ Li, L. (2022), 'Fathoming the Depth of China-India Relations', Taihe Institute, 26 April 2022, <http://en.taiheinstitute.org/Content/2022/04-28/1734321239.html>.

¹³⁸ Kulkarni, S. (2024), 'China, India could co-lead Global South', *China Daily*, 5 January 2024, <https://global.chinadaily.com.cn/a/202401/05/WS65973beaa3105f21a507aa3f.html>.

¹³⁹ This is what happened in 2008 when the Left Front group of parties triggered a vote of no confidence in the Indian government over opposition to the US–India nuclear agreement. See Ramesh, R. (2008), 'India's government survives vote of confidence', *Guardian*, 22 July 2008, <https://www.theguardian.com/world/2008/jul/22/india.nuclear1>.

of Indian democracy, allegations of ‘crony capitalism’ and alleged Indian complicity in assassination plots against political opponents living in Western countries.¹⁴⁰ In India, such tensions have prompted claims that the West is seeking to ‘keep India down’.¹⁴¹ According to a former Indian foreign policy official, the ‘existential threat to India will come from the West, not from China’.¹⁴² A scholar of China–India ties noted how ‘vested interests in the West’ were keen to keep ‘China–India tensions boiling’.¹⁴³ Another former official judged that India’s difficult relations with the West had been a factor in the de-escalation of tensions with China – noting that the ‘current state of India’s relations with the US has been a catalyst for resolving the border dispute with China’.¹⁴⁴

Given this context, the likelihood of strategic misperception in the India–US relationship could grow. For instance, limited overtures by both New Delhi and Washington towards China could trigger concerns of strategic abandonment in both capitals – New Delhi would fear a return of a Great Power condominium between the US and China, while Washington would dislike the emergence of an ‘Asia for Asians’ concept that has been proposed by Beijing.¹⁴⁵

Box 3. China–India relations during the second Trump presidency

Donald Trump’s second presidency is likely to complicate further the China–India relationship. Both China and India see benefits in Trump’s return to the White House. In a world where the US shuns global leadership, China and India will both find more space to fulfil their common ambitions of playing a more prominent role in an emerging multipolar international system. Any criticism by the US of either China’s or India’s actions will hold less weight and be challenged as hypocritical, as both countries will draw attention to Washington’s neglect of the very global norms that it helped to establish.

At the same time, both countries will fear a more transactional and erratic foreign policy under Trump. Such a policy would complicate both nations’ relations with the US and with each other. New Delhi will worry that, despite the China–US rivalry, Trump’s inclination for ‘doing a deal’ may lead him to de-escalate tensions with Beijing at any point. Trump’s less values-driven foreign policy will also prompt alarm in India of a possible weakening

¹⁴⁰ Bajpae (2024b), *How India’s democracy shapes its global role and relations with the West*; Hook, L., Millard, R. and Reed, J. (2024), ‘The solar saga behind US bribery allegations against Gautam Adani’, *Financial Times*, 3 December 2024, <https://www.ft.com/content/e767eaba-1016-4380-96b3-bfcd1f6eaff1>; Bajpae, C. (2023), ‘Why India’s souring relations with Canada could have wider implications for the west’, *Guardian*, 20 September 2023, <https://www.theguardian.com/commentisfree/2023/sep/20/india-souring-relations-canada-assassination-foreign-policy>.

¹⁴¹ For example, see Bhardwaj, S. K. (2024), ‘The foreign hand in Bangladesh – and concerns for India’, *Indian Express*, 31 May 2024, <https://indianexpress.com/article/opinion/columns/bangladesh-foreign-hand-india-concerns-9363714>; Sagar, P. R. (2024), ‘Decoding the “long arm of the US Deep State” in Bangladesh unrest’, *India Today*, 14 August 2024, <https://www.indiatoday.in/india-today-insight/story/decoding-the-long-arm-of-the-us-deep-state-in-bangladesh-unrest-2582219-2024-08-14>.

¹⁴² Interview with former Indian foreign policy official, 22 October 2024.

¹⁴³ Interview with scholar of China–India relations, 22 October 2024.

¹⁴⁴ Interview with former Indian foreign policy official, 22 October 2024.

¹⁴⁵ The White House (2013), ‘Remarks by President Obama and President Xi Jinping of the People’s Republic of China Before Bilateral Meeting, Sunnyslands Retreat, Palm Springs, California, 7 June 2013’, speech, <https://obamawhitehouse.archives.gov/the-press-office/2013/06/07/remarks-president-obama-and-president-xi-jinping-peoples-republic-china->; China.org.cn (2014), ‘New Asian security concept for new progress in security cooperation’, Remarks at the Fourth Summit on the Conference on Interaction and Confidence Building Measures in Asia by H.E. Xi Jinping President of the People’s Republic of China, Shanghai Expo Center, 21 May 2014, http://www.china.org.cn/world/2014-05/28/content_32511846.htm.

ideological affinity between the world's largest democracy and the world's oldest. Beijing, meanwhile, will be concerned that Trump's cabinet appointments include people that are not only China 'hawks', but also India 'doves'. Chief among these are the National Security Advisor, Mike Waltz, who previously served as head of the Congressional Caucus on India, and Secretary of State Marco Rubio, who sought to deepen India–US defence cooperation while a member of the Senate.¹⁴⁶

In theory, shared concerns about the US under the second Trump administration could facilitate greater alignment and potential Sino-Indian cooperation. The October 2024 border agreement could be a sign of a response to these shared concerns about their respective difficult relations with the West. But long-standing mutual mistrust will, in reality, limit any alignment between China and India. Trump's second term will open up more space for both countries in the international system, but it will also likely fuel their rivalry as they compete for control of that space.

European countries view their ties to China in less confrontational terms, so the narrative of India as a counterbalance to China is for them less pronounced. However, concerns about China still offer justification in some European capitals for deepening engagement with India, given their need to seek alternative markets and strengthen the resilience of their own supply chains. A recent German government paper on relations with India notes, for instance, that 'the resilience of German companies' supply chains will be boosted by closer economic ties with India'.¹⁴⁷ Engagement with India has been encouraged through initiatives such as the EU–India Trade and Technology Council and ongoing EU–India free trade negotiations. But India may fail to offer a viable alternative to China – both in terms of its limited manufacturing capacity and its supply-chain dependence on components and raw materials sourced from China. New Delhi's relations with Europe are also held restrained to a degree by Europe's own trade dependencies on China. Reports such as that regarding the sale of German tunnel-boring machines to India being blocked by Beijing because the machines were made in China are evidence of that.¹⁴⁸

The UK is reframing its relationship with both New Delhi and Beijing as it develops a comprehensive strategic partnership (CSP) with India and conducts an audit of its China policy. While the CSP and the China audit are seen by external observers as mutually exclusive initiatives, they are nonetheless linked. The CSP seeks to adopt a more holistic and strategic approach towards engagement with New Delhi. The

¹⁴⁶ Congress.gov (2024), 'S.4793 – United States-India Defense Cooperation Act of 2024', 118th Congress (2023–2024), 25 July 2024, <https://www.congress.gov/bill/118th-congress/senate-bill/4793/text>.

¹⁴⁷ Federal Foreign Office (2024), *Focus on India*, Berlin: Federal Foreign Office, p.13, <https://www.auswaertiges-amt.de/resource/blob/2680288/8909ac2c501ab85d55defff7d1b8b75d/241016-fokus-indien-data.pdf>. A German think-tank is even more forthright in its assessment, noting that 'the Indian Union has experienced a significant rise in status in German and European foreign policy', which has 'been fuelled by India's economic dynamism, but also by the re-evaluation of China in Western countries as a partner, competitor and systemic rival'. See Wagner, C. (2024), 'Introduction', in Wagner, C. (ed.) (2024), *India as a Partner of German Foreign Policy*, research paper, Berlin: Stiftung Wissenschaft und Politik, p. 5, https://www.swp-berlin.org/publications/products/research_papers/2024RP17_India_Germany_Partner.pdf.

¹⁴⁸ *Fortune India* (2024), 'China blocking sale of tunnel boring machines to India: Piyush Goyal to German minister', 28 October 2024, <https://www.fortuneindia.com/macro/china-blocking-sale-of-tunnel-boring-machines-to-india-piyush-goyal-to-german-minister/118936>.

‘China factor’ is likely to gain prominence in the India–UK relationship, as both countries reframe engagement through their broader foreign policy priorities. Take, for example, the announcement by the UK in October 2024 that it intended to transfer sovereignty of the Chagos Islands to Mauritius.¹⁴⁹ This move has direct implications for India as the predominant resident power in the Indian Ocean region.¹⁵⁰ New Delhi welcomes the UK’s decision from an anti-colonial perspective, but it also wants to prevent the emergence of a strategic void in the Indian Ocean region, amid concerns about China’s growing naval presence.¹⁵¹

Broader ideological fault lines rooted in China’s and India’s shared self-perception as ‘civilization-states’ could also undermine engagement with the West. Both countries have a common aversion to the liberal international order and a belief that their special or exceptional status grants them a right to be exempt from global norms and rules.¹⁵² While China has come under greater scrutiny for such behaviour – over its actions in the South China Sea, for example – India has demonstrated a similar tendency towards such behaviour on occasion.¹⁵³ Both countries maintain similar worldviews, as reflected in their positions on issues of sovereignty, their inclination to see themselves as leaders (or voices) of the Global South and in their push for a more equitable distribution of power in the international system.

However, they are not working together to achieve these goals. It would be a mistake therefore to view both China and India through the same lens. For now, India seeks to promote a more benign worldview that is *non*-Western, but not *anti*-Western. The US and its allies should leverage this crucial distinction to engage India to ensure institutions to which it belongs (such as BRICS) do not become *anti*-Western platforms, centred around China. As one former Indian diplomat notes, India’s BRICS participation ‘ensures a degree of balance – as long as we [India] are there, we can try to ensure that these institutions are not hijacked by China’.¹⁵⁴

The West also needs to support India in reducing its dependence on China in areas of critical and emerging technology, especially if it wants India to be a real counterweight to the rise of China. Progress has been made on this front through India’s participation in the TRUST Initiative (with the US), the Trade and Technology Council (with the European Union) and the Technology Security Initiative (with the UK). How deeply India can become embedded in Western technology architecture will be limited by its commitment to strategic autonomy, which entails maintaining ties to countries with which the West has difficult relations, such as Iran and Russia. Those limits are likely to translate into restrictions on technology transfers, joint production of sensitive technologies and intelligence-sharing, as well as stringent end-user requirements.

¹⁴⁹ Harding, A. (2024), ‘UK will give sovereignty of Chagos Islands to Mauritius’, BBC News, 3 October 2024, <https://www.bbc.co.uk/news/articles/c98ynejg4l5o>.

¹⁵⁰ Bhaumik, A. (2023), ‘Military base India built in Mauritius ready for asset deployment; Indian Navy ship visits Port Louis, space deal likely’, *Deccan Herald*, 31 October 2023, <https://www.deccanherald.com/india/military-base-india-built-in-mauritius-ready-for-asset-deployment-indian-navy-ship-visits-port-louis-space-deal-likely-2750683>.

¹⁵¹ Jha, A. (2024), ‘India on handover of Chagos Islands by UK: Completes decolonisation of Mauritius’, *India Today*, 4 October 2024, <https://www.indiatoday.in/india/story/india-welcomes-chagos-islands-agreement-uk-mauritius-2610844-2024-10-03>.

¹⁵² Root (2024), ‘Civilisational Conflict’.

¹⁵³ Bajpae (2023), ‘Why India’s souring relations with Canada could have wider implications for the west’.

¹⁵⁴ Interview with former Indian foreign policy official, 24 October 2024.

Conclusions

The China–US relationship is often regarded as the defining geopolitical relationship of the 21st century. However, the relationship between China and India arguably holds greater long-term significance, as these two self-perceived ‘civilization-states’ compete for influence and leadership in a world of relative US decline.

There is a tendency in the West to view the Sino-Indian relationship largely through the narrow prism of the unresolved territorial dispute between the two countries. Yet this narrow view fails to capture the geopolitical weight of the relations between the world’s most populous countries (which together account for almost 40 per cent of the world’s population). China and India are the world’s second and fifth largest economies, respectively, with India on course to become the third largest by the end of this decade. Together, China and India are projected to account for approximately one-third of global GDP by 2050.¹⁵⁵ They also have the world’s largest militaries – both are nuclear weapons states and have the largest numbers of active-duty military personnel, although China’s defence budget and military capabilities are much larger than India’s.

Xi and Modi acknowledged the strategic significance of the bilateral relationship during their October 2024 meeting. The read-out from the Indian side was that ‘stable, predictable and amicable relations between India and China, as two neighbours and the two largest nations on Earth, will have a positive impact on regional and global peace and prosperity’.¹⁵⁶ The Chinese side echoed these views, adding that as:

... time-honored civilizations, large developing countries and important members of the Global South, China and India both stand at a crucial phase of their respective modernization endeavours.... The two countries must also shoulder their international responsibility, set an example in boosting the strength and unity of developing countries, and contribute to promoting a multipolar world and greater democracy in international relations.¹⁵⁷

The structural challenges facing the bilateral relationship – rooted in their power imbalance and mutual mistrust – will not be easily overcome. The inherent asymmetry of the relationship is a particular barrier, with New Delhi resentful of Beijing’s refusal to judge it as a peer and an equal, as is China’s tendency to be dismissive of Indian regional and global ambitions and its long-standing view of India as pawn of the West. Recurring border standoffs and skirmishes indicate that a lasting rapprochement between the countries is unlikely in the near term.

¹⁵⁵ PwC (2017), *The long view: how will the global economic order change by 2050?*, report, February 2017, p. 4, <https://www.pwc.com/gx/en/world-2050/assets/pwc-the-world-in-2050-full-report-feb-2017.pdf>; Daly, K. and Gedminas, T. (2022), *Global Economics Paper: The Path of 2075 – Slower Global Growth, But Convergence Remains Intact*, report, London/New York: Goldman Sachs, 6 December 2022, p. 6, <https://www.goldmansachs.com/pdfs/insights/pages/gs-research/the-path-to-2075-slower-global-growth-but-convergence-remains-intact/report.pdf>.

¹⁵⁶ Prime Minister’s Office, Government of India (2024), ‘Meeting of PM with Mr. Xi Jinping, President of the People’s Republic of China on the margins of the 16th BRICS Summit’, 23 October 2024, https://www.pmindia.gov.in/en/news_updates/meeting-of-pm-with-mr-xi-jinping-president-of-the-peoples-republic-of-china-on-the-margins-of-the-16th-brics-summit/?comment=disable.

¹⁵⁷ Ministry of Foreign Affairs of the People’s Republic of China (2024), ‘President Xi Jinping Meets with Indian Prime Minister Narendra Modi’.

But the 2024 border agreement also indicates that an imminent large-scale conflict is also unlikely (assuming neither country crosses the other’s red lines on issues of sovereignty and territorial integrity).

Evidence is growing that their bilateral relationship will nonetheless have global ramifications as both countries engage, compete and – on occasion – confront each other in global forums and on issues of global governance. Both countries maintain common ambitions to be a voice of the Global South and an independent pole of influence in an emerging multipolar global order. But they seek to do so from different vantage points. India seeks to leverage its democratic credentials and offer a more benign, *non-western* (not an *anti-Western*) worldview. This contrasts with China, which seeks to utilize its enormous financial resources to shape the existing global governance system according to its own preferences. Beijing’s introduction of its three global initiatives – on global development, security and civilization – is seen as adding justification to its ambitions to lead global governance reform.¹⁵⁸

The emergence of a multipolar global order will require the West to acknowledge both countries’ worldviews. To do so effectively, it will need to develop a better understanding of the intertwining dynamics of the China–India relationship. If the West is serious about seeing India emerge as a bulwark against a rising China, it must take a more realistic view of what is achievable and what is not. The West can do more to support India to reduce its economic dependence on China, notably in areas of critical and emerging technologies. But at the same time, Western policymakers must also recognize the significance of India’s commitment to strategic autonomy in its foreign policy. That stance, which entails New Delhi maintaining ties to countries with which the West has difficult relations, will necessarily limit how deeply India can be embedded in Western technology architecture – and how closely it will align with the West on issues of global governance.

¹⁵⁸ Ministry of Foreign Affairs of the People’s Republic of China (2021), ‘习近平在第七十六届联合国大会一般性辩论上的讲话’ [Full Speech by President Xi Jinping at the 76th Session of the United Nations General Assembly], 21 September 2021, https://www.mfa.gov.cn/web/ziliao_674904/zt_674979/dnzt_674981/qtzt/qqfzcy/zyxw/202109/t20210922_9584017.shtml.

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Cover image: Indian prime minister Narendra Modi speaks with Chinese president Xi Jinping at the BRICS summit in Xiamen, China, 4 September 2017.

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