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China-India: An analysis of the Himalayan territorial dispute

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Abstract

This paper examines the dispute between China and India over their shared Himalayan border. It assesses that the likelihood of a major Sino-Indian conflict over the border is remote, notwithstanding the ever-present possibility of limited skirmishes and territorial forays. It argues that there are significant constraining factors that will limit military assertiveness and the effects of miscalculation by either side for the foreseeable future.

The paper concludes that the current strategic stalemate along the 'roof of the world' will continue to result in a relatively stable but tense security *status quo*. However, it also notes that an ongoing, seemingly intractable dispute between the two most populated countries in the world is not conducive to longer-term regional stability.

China-India: An analysis of the Himalayan territorial dispute

Introduction

At the geo-political level, China and India have much in common. Both are ancient civilisations that carry the scars of past imperial conquests. Both are rapidly modernising and regaining their status as global trading and economic powerhouses. And they are the two most populated nations—collectively home to over one-third of the world's population.¹ Yet despite these commonalities, China and India have been unable to resolve their shared boundary. The simmering tension, which continues to exist along the Himalayas, has been described as both 'puzzling'² and 'a paradox'.³

China shares a border with more countries than any other state.⁴ Since 1949, it has also had border disputes with every one of its 20 neighbours.⁵ Yet China has also resolved its border disputes with many of them, including Myanmar (1960), Nepal (1961), North Korea (1962), Mongolia (1962), Pakistan (1963) and Laos (1991).⁶ It has even managed to reach territorial settlements with former enemies, notably Vietnam (1999) and Russia (1991-94).⁷

In some cases, these disputes were settled according to international norms through 'peaceful and concessionary diplomatic approaches based on mutual understanding'.⁸ In others, such as with Russia and Vietnam, resolution only occurred following armed conflict. Moreover, in reaching its settlements, China has usually received less than 50 per cent of the land in dispute.⁹ So why then, if China can compromise on some territorial disputes, has resolution of the Himalayan dispute with India proven so difficult?

The aim of this paper is to answer this question, and assess whether the Himalayan stalemate is set to continue. For 'despite the large numbers of agreements, summits, and confidence building measures, the border dispute endures'.¹⁰ Neville Maxwell notes that:

[T]he border dispute between India and China stands exactly where it did when it first emerged half a century ago. There have been no negotiations, just numerous rounds of 'fruitless talks'. Each side maintains claims of large tracts of the other's territory.¹¹

This paper is focused on the Sino-Indian border but also briefly addresses the other element to the Himalayan dispute, namely the Sino-Bhutan border and the role that this relatively small disputed border plays in the broader Sino-Indian relationship.

Part 1 examines the origins of the Himalayan dispute and the geo-strategic circumstances of the disputed Sino-Bhutan border. From this, the key factors that shape the dominant Sino-Indian border dispute are further analysed. Part 2 examines the geo-political status of Tibet and the central role of Tibet in the Sino-Indian relationship, as well as its influence in perpetuating the Sino-Indian border dispute. Part 3 more broadly examines the salience of the border in terms of the national identities of China and India and their diplomatic relationship.

Part 4 then analyses the military aspect of the relationship and, in particular, the state of conventional and nuclear deterrence that has been established by the military modernisation programs of both states. Part 5 analyses the concept of economic interdependence and whether the Sino-Indian economic relationship supports Richard Rosecrance's 'liberal economic peace theorem',¹² specifically examining their trade relationship to determine if economic interdependence between the two is likely to contribute to preventing conflict and resolving the dispute through peaceful means.

The paper concludes that while territorial disputes have been described as the 'root causes of war and conflict between states'¹³ and 'the most systematic source of interstate conflict in history',¹⁴ the likelihood of a major Sino-Indian conflict over the border is remote. Notwithstanding the ever-present possibility of limited skirmishes and territorial forays, it will be argued that there are significant constraining factors that will limit military assertiveness and the effects of miscalculation by either side for the foreseeable future. It seems likely, therefore, that the strategic stalemate along the 'roof of the world' will continue to result in a relatively stable, though tense, security *status quo*.

Part 1 – The origins of the Himalayan border dispute

Figure 1 illustrates the disputed Sino-Indian border (shown in red).¹⁵ At a little over 4000 kilometres long,¹⁶ the border stretches from the barren Aksai Chin plateau in the west (administered by China but claimed by India as part of the Ladakh district of Jammu and Kashmir), through to the former kingdom of Sikkim in the middle section, and across to the eastern Indian state of Arunachal Pradesh (administered by India but claimed by China as ‘South Tibet’).¹⁷

India, China Disputed Borders

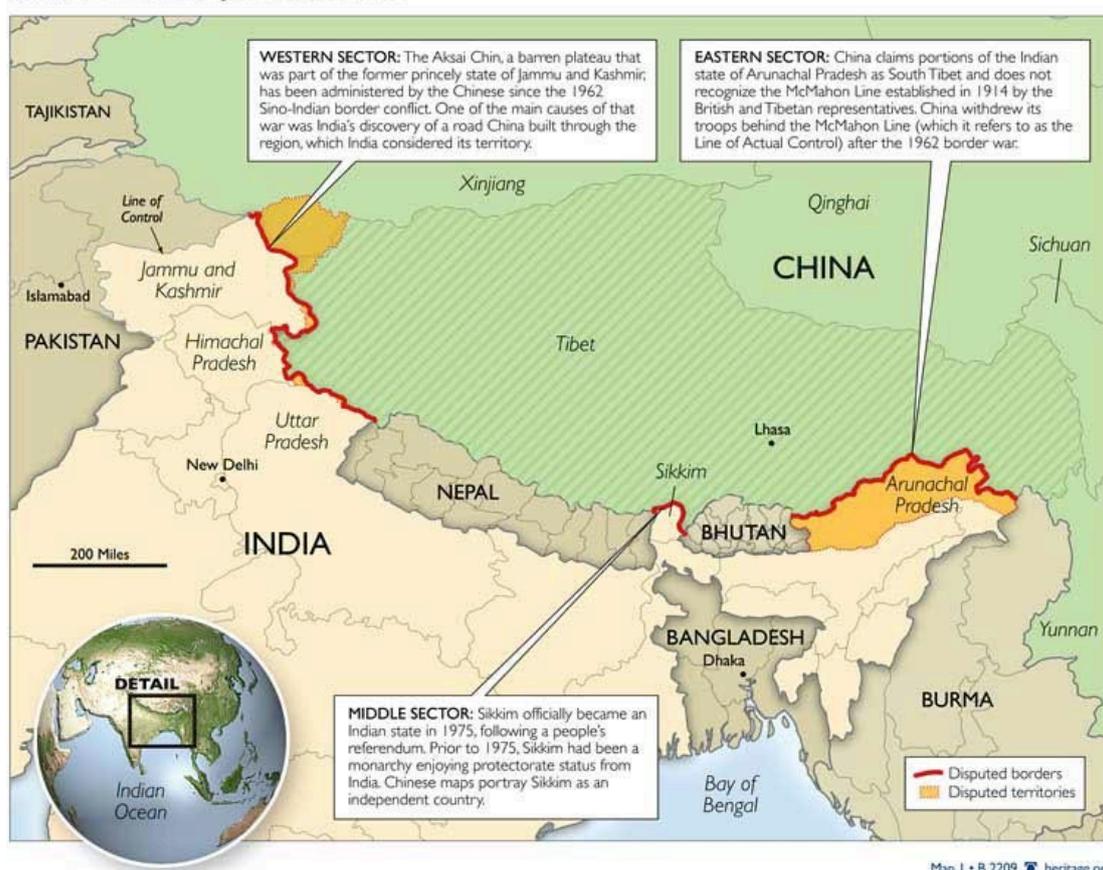


Figure 1: The disputed Sino-Indian Himalayan border¹⁸

The origins of the Himalayan border dispute stem from a combination of difficult terrain, nascent survey technology, the absence of a functioning Tibetan state and the craft of British Imperial map-making writ large. In 1914, at the Anglo-Tibetan Simla Conference, the British colonial authorities drew the McMahon Line (named after the chief negotiator Sir Henry McMahon), which established the boundary between British India and Tibet.¹⁹ Although Chinese representatives were present at Simla, they refused to sign or recognise the accords ‘on the basis that Tibet was under Chinese jurisdiction and therefore did not have the power to conclude treaties’.²⁰

After independence in 1947, India made the McMahon Line its official border with Tibet. However, following the 1950 Chinese invasion of Tibet, India and China came to share a border that had never been ‘delimited by treaty, let alone between the post-colonial regimes of the Republic of India and the People’s Republic of China’.²¹ Consequently, China viewed the McMahon Line as an illegal, colonial and customary borderline, while India considered the Line to be its international boundary.²²

Following a brief period of *détente* after India’s independence, the relationship between India and China soured in the early 1950s under the respective leaderships of Prime Minister Nehru

and Chairman Mao. On signing the '1954 India-China Agreement on Trade and Intercourse between Tibet Region of China and India', Nehru and his associates 'thought that the boundary was no longer an issue and that the Chinese accepted the historical status quo'; effectively, Nehru imagined a 'trade-off between Tibet and the border'.²³ However, from a Chinese perspective, there was no trade-off, real or imagined, and the Chinese position has steadfastly remained that India's recognition of China's sovereignty over Tibet, and China's acceptance of the former colonial McMahon Line, were not connected issues.²⁴

Armed conflict erupted between the two nations in 1962. During the month-long war, Chinese forces advanced deep into Indian territory in Ladakh and Arunachal Pradesh, before withdrawing back to their previous positions along the so-called Line of Actual Control.²⁵ The 1962 war left India with a deep sense of embarrassing defeat and continues to act 'as a traumatic moment for India's elite'.²⁶ As such, it remains 'very much a part of the contemporary discourse on the dispute'.²⁷

Today, China maintains that the McMahon Line effectively sees India occupying some 90,000 square kilometres of its territory in the Indian state of Arunachal Pradesh. India, on the other hand, claims that China is 'occupying 38,000 square kilometres of land in Aksai Chin in the North Eastern corner of Jammu and Kashmir'²⁸ and a further '5180 square kilometres of land in Kashmir ceded to it by Pakistan in 1963'.²⁹

In essence, Britain's colonial legacy 'sowed the seeds of discord' in the Sino-Indian relationship.³⁰ However, the McMahon Line, the 1962 war and China's subsequent border settlement in Aksai Chin with Pakistan, do not in themselves explain the intractable nature of the dispute. Moreover, as there are 'established principles of international law and practice that provide the means and process for boundary settlement', China and India certainly have the mechanisms at their disposal to deal with the 'cartographic surgery' of the early 20th century.³¹ However, the likelihood of both sides embarking on a process of negotiation, compromise, delimitation, demarcation and finally a treaty would seem to be virtually non-existent, given the intractability of their respective positions.³²

Hence, despite over 30 years of regular dialogues, Sino-Indian border issues remain complicated and difficult.³³ To understand these complexities and difficulties, a study of the drivers and dynamics at play with the smaller border dispute between China and Bhutan is a useful gauge, not least as it keenly demonstrates the geo-political realities of great power rivalry in the foothills of the Himalayas.

The Sino-Bhutan border dispute

In comprehensive power terms, the tiny Himalayan kingdom of Bhutan has been described as 'almost a non-entity to China'.³⁴ However, by virtue of three key features of its geography, Bhutan is of vital strategic importance to both China and India. First, Bhutan has no access to either the sea or another third country without passing through either Chinese or Indian land or airspace.³⁵ Second, Bhutan controls a number of Himalayan passes that serve as overland routes for the two great powers. Third, Bhutan is a strategic buffer for the Siliguri Corridor (or 'chicken's neck') which is the narrow tract of land, between 20 and 60 kilometres wide, that connects India's northeastern states with the rest of the country.³⁶

Bhutan and China share a 470 kilometre long border.³⁷ Since 1984, annual border dialogues have reduced the size of the disputed territory from 1128 square kilometres to just 269 square kilometres in three small areas in Bhutan's northwest.³⁸ However, notwithstanding this achievement and the 1988 signing of 'The Five Principles of Peaceful Coexistence' by Bhutan and China, final settlement remains a distant prospect.³⁹

The reason for the stalemate is essentially the strategic implications for India and Bhutan of accepting China's 'package deal' settlement, which consists of a territorial exchange rather than a traditional sectoral approach to border resolution.⁴⁰ In essence, the exchange would involve China trading 495 square kilometres of territory in the central Bhutan border area in return for 249 square kilometres of territory in northwestern Bhutan. The latter is where the territories of

India, Bhutan and China intersect in an area called the Doklam Plateau, adjacent to the Chumbi Valley.⁴¹

For India, the deal would bring the Chinese to within 500 kilometres of the Siliguri corridor,⁴² and offer China a 'commanding view' of Indian border defences and 'provide a launch pad to progress operations into the Siliguri corridor'.⁴³ As a result, there are fears that the underlying motive for China's quest to resolve the disputed border 'seem[s] not to be on the basis of traditional usage or history but owing to the strategic nature of the western border'.⁴⁴ Moreover, the Sino-Bhutan border negotiations appear to be part of a larger Chinese strategy in South Asia, whereby 'China wants to gain as much as possible in the western sector of the dispute with Bhutan',⁴⁵ reflecting the view of several commentators that 'boundary settlement for China is about strategic enhancement'.⁴⁶

For Bhutan, acceptance of a speedy border settlement remains 'an end in itself'.⁴⁷ Medha Bisht expands on this view and notes that 'Bhutan's urgency to demarcate its boundary with China reflects its desire to be an independent actor positively engaged in the region'.⁴⁸ However, acceptance of the Chinese deal would have profound implications for the Himalayan kingdom. For the local Bhutanese people, the deal would mean giving away rich pastoral land 'which is important to the livelihoods of people dependent on the area'.⁴⁹ Acceptance of China's deal would also, in all likelihood, breach Bhutan's 2007 'Friendship Treaty' obligations with India.

In this treaty, both nations agreed to 'a provision that neither country would allow its territories to be used for activities inimical to the other'.⁵⁰ As well, Bhutan and India share 'intimate bonds in the areas of foreign affairs, economy, trade, education and technology, as well as national defence and security'.⁵¹ So it is unlikely that Bhutan would agree to terms which could have such far-reaching negative implications for India. Indian investment and strategic culture permeate all aspects of Bhutan's development, hence the catch-cry that India is Bhutan's 'most dependable and generous development partner'.⁵² This dependence means that any detrimental changes to India's strategic settings would invariably translate negatively for Bhutan.

As a result of these complex dynamics, Bhutan finds itself 'caught between the rivalries of two regional giants'.⁵³ From time to time, this rivalry plays out in Bhutan's favour. For example, India has stepped up its economic assistance programs in Bhutan in response to growing Chinese investment projects, such as the planned extension of the Tibet rail network into the country.⁵⁴ At other times, Bhutan has had to contend with the Chinese pressure tactic of border incursions to bring it to the negotiation table.⁵⁵ This tactic has led some to describe China's policy towards Bhutan as a pattern of 'military intimidation followed by diplomatic seduction'.⁵⁶

Bhutan's border problem remains its biggest security challenge and, more broadly, an issue that is set to define its future as a nation state.⁵⁷ However, as 'mutual suspicion'⁵⁸ is a hallmark of Sino-Indian relations, it is difficult to see how Bhutan could agree to the Chinese deal given its 'critical security implications for India'.⁵⁹ For this reason, above all others, the remaining 269 square kilometres of disputed territory is likely to remain unresolved for the foreseeable future. Thierry Mathou ventures further and suggests that until there is complete normalisation of Sino-Indian relations, Bhutan's treaty commitments to India would make any agreement with China infeasible.⁶⁰

Beyond the dynamics of Sino-Indian great power rivalry and the problems bestowed by geography for strategically-important buffer states like Bhutan, the Sino-Bhutan border dispute also points to a far more complex aspect of Himalayan geo-strategic politics—namely the role of Tibet. Bhutan and Tibet have a long and complex history and continue to share common cultural and religious bonds based on Tibetan Buddhist ideology.

For China, the Tibetan link with Bhutan is a powerful force in the dispute, as settlement of the border and the cross-border movement of people could help to legitimise China's rule in Tibet and vindicate its Tibetan policies.⁶¹ For Bhutan, in the absence of settlement progress, its continued cautious policy of non-advocacy of Tibetan causes could also aid in the normalisation of Sino-Bhutanese relations and lead to economic benefits from China's 'Western Development Strategy'.⁶²

In the context of the broader Sino-Indian border dispute, Tibet is also a driving factor that connects the wider strategic, nationalist and geopolitical narratives.⁶³ Consequently, this paper now turns to analysing the Sino-Indian border dispute itself, commencing with an examination of Tibet.

Part 2 – Tibet

The centrality of Tibet's role in the Sino-Indian border dispute is the subject of much academic discourse. Mohan Malik contends that Tibet lies at the heart of Sino-Indian relations and that it is 'the key to understanding Beijing's stance on the China-India territorial dispute'.⁶⁴ He further notes that 'China's territorial dispute with India is inextricably linked with the past, present and future status of Tibet'.⁶⁵ Dawa Norbu supports this view and states that 'Tibet has shaped the informal and invisible dynamics of Sino-Indian relations and politics from the 1950s ... [and that] Tibet is the legal foundation on which both India's and China's border claims rest'.⁶⁶ Norbu also notes that:

[T]he crux of the Sino-Indian strategic rivalry is this: if the Chinese power elite consider Tibet to be strategically important to China, the Indian counterparts think it is equally vital to Indian national security.⁶⁷

The above statements beg the question of what makes Tibet so important to China and India that it prevents resolution of the border dispute.

The aim of this part of the paper is to answer that question by analysing the relevant factors in relation to Tibet that impact the Sino-Indian relationship and particularly the border dispute. In the first instance, it reviews Tibet's geo-strategic importance, drawing on its history, geography and resource wealth which, in many ways, define why Tibet 'is a perfect candidate for great power wrangling'.⁶⁸

It then examines the broader geo-political issues surrounding Tibet. These issues are largely centred on India's 'conditional' acceptance of Chinese sovereignty and its support to the Tibetan community in exile, both of which feed Chinese insecurities.⁶⁹ It concludes by assessing how these geo-political issues contribute to the conditions of stalemate, mutual deterrence and restraint along the length of the disputed Himalayan boundary.

Tibet: a source of great power rivalry

Relationships with India and China dominate the history of Tibet, and Indian influence permeates Tibetan history, culture and religion.⁷⁰ Consequently, an orientation towards India is woven into the fabric of Tibetan society. In contrast, Chinese influence stems from around 640 AD and is characterised by bitter territorial conquests between competing Tibetan and Chinese dynasties and the ritual obeisance of the imperial Chinese tributary system.⁷¹ John Garver observes that 'both Indian and Chinese nationalists see Tibet as within their historic sphere of influence', which invariably leads to 'a clashing of nationalist narratives' between the two great powers.⁷²

The salience of Tibet to China and India is also rooted in Tibet's geo-strategic setting. Norbu argues that Tibet was invaded by China not just 'on historical pretext but primarily on strategic grounds' as it constituted an 'open backdoor to China' for India.⁷³ China's concerns over the ease with which the Tibetan Plateau could be used by India are explained as:

[O]nce Tibet became independent and was forced to ally itself with India, India would [be able to] advance thousands of kilometres ... into central China, and its missiles [would be] able to hit all China from the Tibetan Plateau.... So it is obvious that for China to lose such a vast barrier ... would be unacceptable from a national security perspective. Preparing for a possible future conflict with India is the bottom line as to why the Central Government cannot allow Tibetan independence.⁷⁴

Sherya Das echoes these sentiments and notes that China's dominant fear when it comes to Tibetan autonomy or independence is that in the case of a Sino-Indian war, Tibet would ally with

India as a 'natural choice', which could bring Indian forces to within '100 [kilometers] from central China and Sichuan province'.⁷⁵

India, however, also harbours fears founded on Tibet's geo-strategic setting. China's annexation of Tibet 60 years ago removed India's 'political buffer'.⁷⁶ And because of China's 'Western Development Strategy', India now sees the 'the network of airstrips and airbases that China has built throughout the Tibetan Plateau', along with other widespread infrastructure development projects, as providing the logistical wherewithal for a Chinese invasion across the border.⁷⁷ Thus Tibet's geo-strategic setting is effectively the source of 'the mutual threat perception and alignment patterns' that dominate the Sino-Indian relationship.⁷⁸

Beyond its buffer-zone geography, economic forces also shape the Tibetan Plateau's strategic value. Warren Smith asserts that 'ever since China first gained control over Tibet, Chinese leaders have openly admitted that they coveted Tibet's mineral wealth'.⁷⁹ Tibet, or *Xi Zang* in Chinese, literally means 'western treasure house'.⁸⁰ The Tibetan Plateau is estimated to hold approximately 40 per cent of China's mineral resources, including coal, gold, lithium and copper.⁸¹ It is also the world's third largest fresh water repository, after the polar icecaps, and is the source of most of Asia's major river systems, including the Yellow, Salween, Irrawaddy, Yangtze, Mekong, Brahmaputra and Indus Rivers.⁸²

The value of these resources has two key aspects that shape the Himalayan security environment. First, as a country of scarce resources that sustains a 'water-stressed economy', China views Tibet as a vast area of potential economic wealth to be exploited in support of its national developmental goals.⁸³ Put simply, China's objective for Tibet is 'to transform it into China's resource colony', as Beijing 'cannot afford to loosen its grip over its 'western treasure house'.⁸⁴

Second, the issue of water management (for projects such as flood control, irrigation and hydroelectric power) offers China the potential for enormous influence and leverage over downstream riparian states, such as India, Nepal, Bhutan, Bangladesh, Pakistan, Vietnam, Burma, Cambodia, Laos and Thailand.⁸⁵ Moreover, China's plan to dam the Brahmaputra River in Tibet 'features heavily in Indian security calculations', given that the consequences of China 'turning off the tap' upstream could be famine in northeast India.⁸⁶ Overall, by virtue of its resource potential, Tibet is a potent source of both direct and latent Chinese power and influence throughout South Asia.

Tibet: political factors that link to stalemate, deterrence and restraint

The historical, geographical and resource factors that underscore Tibet's strategic value inform, at least in part, some of the reasons for the Sino-Indian rivalry that feeds their border dispute. That said, the legacy of Chinese actions over 60 years ago also plays a major role in perpetuating the stalemate. In 1951, according to Beijing, the People's Liberation Army (PLA) 'liberated' Tibet from the 'British imperialists and their Indian heirs and pupils'.⁸⁷ According to the Tibetan government in exile, 1951 marked Tibet's invasion by China, an action which changed Tibet's status from an independent nation to 'an occupied country, without United Nations representation'.⁸⁸

While India recognised Tibet as part of China as far back as 1954, its recognition was 'conditional upon Tibet's enjoyment of autonomy'.⁸⁹ Yet it is precisely the absence of autonomy that has led India to not give the Chinese the clear and unambiguous statements regarding their sovereignty over the Plateau that Chinese interests so desire.⁹⁰ Furthermore, India also plays host to the Tibetan government in exile, including its leader the Dalai Lama, and offers sanctuary to over 100,000 Tibetan refugees.⁹¹ This remains a sore point for China and is seen as direct interference in China's internal affairs.⁹² China perceives a strong exiled Tibetan community as the root cause of Tibetan separatism; India, therefore, as the host nation for the government in exile, is seen as a 'hub of Tibetan separatism'.⁹³

In order to contain these forces, Garver suggests that the Chinese 'want to keep the dispute alive so as to pressure India not to allow the exiled Tibetans to create instability inside China'.⁹⁴ He surmises that China's logic is that if the territorial dispute was settled and 'no longer weighed

heavily on Indian calculations', then India may be impelled to take 'reckless action' regarding Tibet.⁹⁵ In this way, the active border dispute is actually a lever, which China can use against India to deter any aggressive Indian actions toward Tibet.⁹⁶

From an Indian perspective, Tsering Topygal theorises that it is the status quo of the Tibetan government in exile that provides India with leverage over China in the border dispute. He speculates that if the Dalai Lama returned to Tibet, he would 'come under Beijing's pressure to support its boundary claims', resulting in China's border claims gaining more legitimacy.⁹⁷ Hence, for India, nurturing the Sino-Tibetan deadlock is fundamentally in its national interest, as the Dalai Lama and his government in exile ('whether voluntarily or due to gentle prodding from the Indian authorities') effectively support India's border claims.⁹⁸

More broadly, Tibet can be seen as the source of the mutually-deterrent conditions that feed the border stalemate and restrain the dispute from escalating. In India's case, China appears to have the logistical upper-hand because of its Tibetan bases, airfields, roads and rail infrastructure which could serve as a ready network of forward operating points for any conflict.⁹⁹ This perception of relative Chinese military advantage when compared to the infrastructure of India's border territories acts as 'a restraining factor against any Indian adventurism'.¹⁰⁰

Furthermore, a hostile local Tibetan population 'performs the same function in the case of Chinese adventurism'.¹⁰¹ Norbu asserts that:

[A]s long as the Tibetan people are not reconciled with the Chinese rule in Tibet and continue to remain resentful of Chinese presence on the plateau, it is not prudent for China to get involved in a border war with India because such a war in the context of a resentful Tibetan population might prove like fighting a war on two fronts.¹⁰²

For China, a border war with India is inextricably linked to the security of Tibet. Hence, in the absence of a pacified and 'Sinicised' Tibet, 'China prefers an undefined border as a bargaining chip because of its suspicions that India prefers an independent Tibet and aids Tibetan separatists'.¹⁰³ This position is set to endure given that 'from Beijing's perspective, any weakening of the Chinese stand on Tibet could mark the beginning of their losing control over China's restive periphery consisting of Tibet, Xinjiang and Inner Mongolia'.¹⁰⁴ The net effect, therefore, of China's enduring stance on its territorial integrity is to constrain and deter any military action against India along the disputed border.

In summary, 'there are analysts in both China and India who counsel that a resolution of the Tibet issue one way or the other holds the key to not just solving the border row, but easing the larger strategic rivalry'.¹⁰⁵ Yet for the foreseeable future, given the security settings of China and India, Tibet will continue to be the 'bilateral bone of contention that makes compromise on the border dispute virtually impossible'.¹⁰⁶ Furthermore, the border conflict with India will remain 'a thorn in the side of Beijing, complicating its objective to incorporate Tibetans as part of the Chinese nation'.¹⁰⁷

However, while Tibet may very well be the key to the border issue, Tibet also hints at other, perhaps less obvious dynamics, which also play a role in the dispute. These include the roles of national identity and the Sino-Indian relationship, as well as the complex interplay of military and economic power. This paper now turns to those factors.

Part 3 – Identity and the Sino-Indian relationship

National identity – its role in the border dispute

In a 2011 speech on 'War, Peace and National Identity', former Australian foreign minister Gareth Evans identified that 'national, ethnic and religious identity have been major drivers of deadly conflict both between and within states in the past' and that 'identity driven tensions still remain enemies of peace in a number of parts of the world'.¹⁰⁸ So what part, if any, do the national identities of China and India play in the perpetuation of the Sino-Indian border dispute? And what hope do they offer, if any, for an end to the stalemate and final resolution?

This part of the paper examines these questions and begins with a study of the common characteristics that feature in both nations' sense of identity—in particular, the notion of civilisation. Next, the common narrative of Chinese and Indian victimhood and entitlement is explored and the role that this self-perception plays in perpetuating the border stalemate. Finally, the salience of the dispute for both nations' political elites is analysed along with its linkages to their relationship and prospects for resolution.

Civilisation, victimhood and entitlement

Deepa Ollapally asserts that 'the key components of India and China's national identity are highly consistent with each other, especially on values of sovereignty, autonomy, and civilisational entitlement'.¹⁰⁹ She notes that this combination of values and normative outlook 'produces a strong nationalist impulse in the foreign policies of both countries' which, in turn, leads India and China to have 'a meeting of minds on a variety of global issues'.¹¹⁰ For example, the foreign policy settings of both nations are underscored by five longstanding tenets, known as the 'Five Principles of Peaceful Co-existence', which include mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in internal affairs, equality and mutual benefit, and peaceful coexistence.¹¹¹

So why then, if national identities support like-minded settings and agreement on global issues, do these similarities not assist in resolving the border dispute? The answer, at least in part, can be distilled from an understanding of Ollapally's term 'civilisational entitlement'.

Both China and India are two of the world's oldest and most resilient continuing civilisations.¹¹² For India, its civilisational status has created a dominant historical narrative which is 'domestically tolerant and pluralistic, and externally non-aggressive and non-interventionist, with its sphere of influence based on culture, values and, to some extent, trade'.¹¹³ For China, its civilisation status is rooted in elements of the Middle Kingdom, in which China 'sits as equal to no-one', culturally superior and surrounded by either hostile or subordinate states.¹¹⁴ Hence, Indian and Chinese national values are shaped by their respective perspectives of civilisation, whereby 'India embraces heterogeneity, accommodation and pluralism', and 'China worships homogeneity and uniformity'.¹¹⁵

Malik contends that the notion of being 'civilisation-states', and not just former 'empire-states' or modern day 'nation-states', also drives the strategic culture of China and India.¹¹⁶ Specifically, the possession of civilisation status drives Chinese and Indian leaders to regain the power and status befitting of 'their countries' size, population, geographic position and historical heritage'.¹¹⁷ This sense of entitlement, derived from past greatness and deprived by outsiders, helps to explain the inherent value that China and India place on territory, past wrongs and restitution.

A sense of victimhood also features in both national identities. China's victimhood is encapsulated in its 'century of national humiliation'—a time of 'opium wars, lost territories, colonial conquests, territorial [con]cessions, heavy indemnities and massacres of Chinese by foreigners'.¹¹⁸ India's narrative of victimhood is similarly focused on strife and turmoil—the foreign institution of religious violence, imperial conquests, exploitative trade practices and 'a century of rule by an alien race and culture'.¹¹⁹

Manjari Chatterjee Miller maintains that 'the traumatic transformative historical event of extractive colonialism' is the root cause of China's and India's emphasis on victimhood and entitlement.¹²⁰ She argues that the dominant goal of state victimhood is 'the desire to be recognised and empathised within the international system as a victim'.¹²¹ She further contends that 'the goal of victimhood carries with it two subordinate goals: maximising territorial sovereignty and maximising status'; collectively, Miller refers to these attitudes as forming a 'post imperial ideology'.¹²²

The Sino-Indian border presents compelling evidence that demonstrates how the shared forces of victimhood and entitlement contributed to the 1962 war and, more recently, to the protracted stalemate in border negotiations. During the 1960 negotiations, India and China both 'linked the disputed territories to past history and laid claim to a "mantle of victimhood"'.¹²³ Each state emphasised its past suffering in order 'to demonstrate that far from making revisionist territorial

claims, they were the victim and the disputed territories had in fact always been historically integral to their pre-colonial nation'.¹²⁴ The negotiations broke down, as neither side could compromise, and war ensued.

Today, India's position remains as it did in 1960, that India's 'borders are non-negotiable'.¹²⁵ This is perceived by China as a reflection of Indian imperialism and hegemony that leads China to see itself, at least in part, as a victim of Indian aggression.¹²⁶ Moreover, China's position on the dispute has hardened in the years since the 1962 war. In 1960, China had proposed a straight east-west territorial swap (involving India abandoning Aksai-Chin in the west in return for China accepting the Himalayan crest line in the east).¹²⁷ But since 1985, China has also extended its claim to include a demand for territorial concessions in the Tawang region, which is perceived by India as part of a broader Bhutan encirclement strategy to cut off Indian forces and leave it vulnerable.¹²⁸ This, in turn, leads India to see itself, as a victim of Chinese aggression and manipulation.

For both nations, maximising territorial sovereignty and optimising their status are potent forces in the dispute. These forces stem from their national identities and centre on a sense of victimhood, and its corollary, a sense of entitlement to recover that which was lost.¹²⁹ Consequently, as long as 'India and China see each other as ... [the victim] in the Sino-Indian border conflict, and China rejects imperial borders while India accepts them', the prospect of any meaningful negotiation breaking the Sino-Indian stalemate is remote.¹³⁰

Political elites – their role in the stalemate

Identities that are dominated by enduring themes of civilisation, victimhood and entitlement reveal the underlying Chinese and Indian sentiments that serve as barriers to the dispute's resolution. More broadly though, it is the role of these sentiments in shaping the thinking and attitudes of political elites of both countries that further helps to explain why the Sino-Indian border remains unresolved.

The political elites of China and India rank their relationship with one another 'far below their domestic perils and Taiwan and Pakistan'.¹³¹ In the case of the Chinese Communist Party (CCP), its core security concerns are national unity and territorial integrity.¹³² National reunification is the CCP's 'sacrosanct mission' and is intertwined with its very legitimacy.¹³³ Reunification is perceived as 'essential to China's recovery from a century of national weakness, vulnerability and humiliation, and to its emergence as a respected great power'.¹³⁴

Another factor in the political salience of national unity and territorial integrity is the ethnic geography of disputed lands, that is, 'the location and distribution of ethnic groups'.¹³⁵ China's ethnic geography reflects that of an 'empire state', with a densely-populated, ethnic Han majority core along the coast and river valleys, surrounded by a large, sparsely-populated periphery of minorities and unpopulated offshore islands.¹³⁶ These factors effectively create a political hierarchy for territorial disputes in which Taiwan has primacy, followed by the Sino-Indian frontier dispute and, lastly, by the offshore island disputes in the South and East China Seas.

The principal challenge in the Sino-Indian border dispute for China is that it has to 'maintain control over vast borderlands populated by ethnic minorities that were never governed directly by any previous dynasty'.¹³⁷ M. Taylor Fravel states that, in the main, this dispute is 'much less important for China because maintaining internal control trumps expanding frontiers'.¹³⁸ In other words, the regime will invariably choose control over a restive Tibet in preference to the acquisition of more territory along the Sino-Indian border. Hence, while the Tibetan population remains unreconciled to Chinese rule, there is little political impetus to focus on the border's settlement.

Furthermore, for the sake of its own power and prestige, the CCP must remain focused on Taiwan. Acceptance of Taiwan's independence could 'legitimate the principle of ethnic self-determination', increasing challenges for Chinese policy makers not only in Tibet and Xianjing but elsewhere throughout the country.¹³⁹ Fravel concludes that regime insecurity best explains China's stance, noting that when the CCP is insecure, due to internal threats such as secessionist movements, it is more likely to come to the negotiating table.¹⁴⁰ Hence, so long as Taiwan's

independence is not an active issue and Tibet is under control, the regime has a sense of security along its frontiers, which creates little incentive for compromise.¹⁴¹

For India's political elite, different dynamics are at play. Pakistan remains its main security concern, with its principal challenge of 'responding to the alarming Talibanisation of the country'.¹⁴² The legacies of partition and the India-Pakistan wars of 1947, 1965, 1971 and 1999 continue to influence Indian strategic thinking.¹⁴³ Since 2003, the two countries have maintained 'a patchy ceasefire' over the de facto border in Kashmir—the 'Line of Control'—but skirmishes are frequent and tensions high.¹⁴⁴ Today, hot spots such the contested territory of Jammu and Kashmir (including the Siachen glacier), tensions over Sir Creek and other water disputes, and allegations of state-sponsored terrorism are the main irritants in India-Pakistan relations.¹⁴⁵

However, Pakistan looms large in the psyche of India's ruling elite not just because of the complexity of its security challenges but also because of the strength of its relationship with China. The Sino-Pakistan relationship has been likened to the special relationship between Britain and the US—'a meeting of minds, shared interests, values and world views'.¹⁴⁶ The net effect of this relationship on India is a sense of containment and coordination that seeks to deny India 'its rightful place in the world'.¹⁴⁷

Furthermore, it is the depth and breadth of the Sino-Pakistan relationship that has direct influence on the Sino-Indian border dispute. China's overarching strategic interest is 'to keep Pakistan independent, powerful and confident enough to present India with a two front threat'.¹⁴⁸ Malik contends 'the Chinese calculate that as long as the one million strong Indian army is preoccupied with Pakistan on its Western frontier ... it will not stir up trouble on the Tibetan border'.¹⁴⁹

Hence, for India's elites, Pakistan is central in their calculus about the Sino-Indian border. Dissolving the threat of Pakistan and reconciling Jammu and Kashmir would clearly strengthen India's position against China, both in the border dispute and throughout the region. But it is difficult to imagine how this could occur in the absence of a nuclear exchange and all-out war with Pakistan and China.¹⁵⁰ Accordingly, for India's ruling elite, so long as China continues to support Pakistan and the 'Kashmir card' remains active,¹⁵¹ accepting the stalemate along the Sino-Indian border has become the *status quo* strategic option.

One final aspect of the Sino-Indian border dispute that drives the attitudes of India's ruling elite is the memory of defeat in the 1962 war. Maxwell suggests that 'the Indian political class's deluded sense of injury and resentment against China' is the real barrier in the dispute.¹⁵² He notes that the ingrained depth of resentment is such that it prevents any reversal of Nehru's mantra that 'India's borders are non-negotiable'.¹⁵³ Malik similarly argues that India's China debate remains scarred by bitterness over the 1962 war and that the ongoing territorial dispute is the 'principal driver that shapes India's policies and attitudes towards China'.¹⁵⁴

The Sino-Indian relationship – its role in the stalemate

The stalemate on the border is derived, at least in part, from an inability of the ruling elites to free themselves of their respective perceptions of history and national identities, as well as the dynamics of triangular China-Pakistan-India politics. The obvious question is whether there is any hope for resolution?

Analysis of the literature reveals that there are features in the Sino-Indian relationship that, in the longer term and if further developed by both parties, could move the status quo from stalemate to negotiated solution. These features centre on the characteristics of the dispute, shared interests and the way in which the border is used to regulate the relationship. That said, the lack of political will in both nations still makes settlement a distant prospect.

In the first instance, some of the characteristics of the border dispute are a source of hope for resolution. Paul Huth argues that 'democracy, alliances, disputes over land with economic value, the existence of multiple disputes, and prior defeat in armed conflict over contested land significantly increase the odds of a settlement being reached'.¹⁵⁵ The Himalayan border shares

many of these characteristics—such as Indian democracy, India’s 1962 defeat, fertile land in the east, and multiple interconnected disputes¹⁵⁶—suggesting that, in theory at least, these features augur well for eventual resolution.

However, one of the most significant complicating factors is the competing ideologies of China and India. As India is a pluralistic democracy and China an authoritarian communist regime, it is virtually impossible to predict how the two political elites will interact with one another. Jean-Marc Blanchard and Huth contend that ‘democratic countries tend to resolve their disputes by peaceful means and non-democratic countries tend towards non-peaceful means’.¹⁵⁷

Fravel also cautions that the behaviour of authoritarian states is difficult to predict given that they face fewer domestic constraints and can ‘more easily choose between escalation and cooperation’.¹⁵⁸ So while some of the characteristics of the Sino-Indian border dispute lean in favour of resolution, the competing ideologies in Sino-Indian politics are the great unknown in gauging how and/or when settlement might occur.

Nevertheless, there is also hope for resolution in that ‘leaders in both countries exhibit a shared interest in not allowing tensions and frictions to overwhelm the relationship as a whole’.¹⁵⁹ Any clash would destroy the very environment that both nations have built to support their developmental goals. In China’s case, the stakes are especially high. Initiating conflict would discredit the notion of its ‘peaceful rise’ and potentially weaken its broader economic relationships and interests. A ‘hardline approach’ to India could also backfire and drive India (and other Asian neighbours) into stronger opposition against China.¹⁶⁰

Garver contends that China aspires to improved relationships with India, and ‘seeks Sino-Indian rapprochement including friendly, multi-dimensional cooperation with India in economic and global issues’.¹⁶¹ Often-quoted examples of Sino-Indian cooperation in recent years include a resolution over unbalanced trade arrangements, the development of reciprocal visas, and diplomatic convergence at the UN.¹⁶²

Moreover, there remains considerable common ground in the security interests of both nations. China’s enduring foreign policy objectives are defensive in nature, namely ‘to blunt destabilising influences from abroad, to avoid territorial losses, to moderate surrounding state’s suspicions and to create international conditions that will sustain economic growth’.¹⁶³ India’s ‘core security interests lie in the sub-continent [and relate to] territorial integrity, economic development and a secure periphery’.¹⁶⁴ Jacques Bertrand and Andre Laliberte argue that despite the border stalemate, China and India mutually support one another’s security objectives, noting that China and India have specifically avoided interfering in issues regarding autonomist or sub-state nationalist groups, citing that:

[W]hile India has welcomed the Tibetan Government in exile in Dharamsala, it has consistently avoided encouraging Tibetan independence, even though it has never stopped pressing its demand to reclaim the territory of Aksai Qin. Conversely, even though China has yet to give up its claim to the territory of Arunachal Pradesh, there is no evidence that it has encouraged the autonomous rebel movements in neighbouring Nagaland and Mizoram. ¹⁶⁵

Bertrand and Laliberte comment that ‘although each government accuses the other of supporting autonomous movements, neither provides such support for fear of a reciprocal attempt by their adversary’.¹⁶⁶ This behaviour suggests that both sides do not actively seek to undermine one another’s security. This posture, over time, could assist in building the confidence and stability to conduct border negotiations.

Gary Goertz suggests that ‘the pursuit of a low intensity rivalry with repeated hostile interactions—but no escalation towards militarised conflict—represents a peculiar kind of stability in interstate relations which is often sought out by state leaders.’¹⁶⁷ This is because it is seen as more stable compared to the alternatives, which include the ‘uncertainty of a conflict free relationship’ or the establishment of conditions which may be more favourable to the other party’s development.¹⁶⁸

In effect, this means that the border issue gives both China and India an ability to exercise their statecraft to meet their own objectives, as:

[B]oth rivals can sometime 'turn down the heat' while nevertheless pursuing checkmate policies to thwart the other's regional ambitions or foster internal problems, but without bringing both states on the verge of war.¹⁶⁹

Malik also notes that an unsettled border:

... provides China the strategic leverage to keep India uncertain about its intentions and nervous about its capabilities, while exposing India's vulnerabilities and weaknesses and ensuring New Delhi's 'good behaviour' on issues of vital concern to China.¹⁷⁰

On balance, there are positive aspects to the Sino-Indian relationship and their engagement with one another that could build confidence and reduce the likelihood of aggressive action. However, at present, the primary limiting factor in the relationship is an absence of political will among elites to break the stalemate.

In April 2005, Sino-Indian shared interests enabled both sides to reach agreement on the political principles to facilitate settlement of the border. During this process, the joint political framework emphasised the line of actual control as the new basis for boundary demarcation. However, nearly ten years on, the mutual political commitment to translate the spirit of 2005 into settlement is still lacking,¹⁷¹ not least because the domestic political imperatives of the ruling elites prevent a resolution.¹⁷²

Hence, 'despite continuing negotiations and the recent upswing in diplomatic, political, commercial and even military ties (including joint military exercises) between the world's most populous countries', there is 'little sign of an early resolution to the conflicting claims'.¹⁷³ Indeed, with neither Indian nor Chinese contemporary leaders seeming to possess 'the political courage a final border settlement would need',¹⁷⁴ the dispute is likely to 'stalemate for some time to come'.¹⁷⁵

Identity and the Sino-Indian relationship clearly contribute significantly to the deadlocked border dispute but what other factors are at play? The next two parts of this paper explore this question and examine the role of military and economic factors in perpetuating the stalemate.

Part 4 – Military power

The military buildup along the Sino-Indian border has been likened to 'a fuse in a powder keg'.¹⁷⁶ Since 1962, both sides have been involved in 'provocative actions on numerous occasions'.¹⁷⁷ In 2012, New Delhi alleged 400 Chinese incursions into Indian-controlled territory.¹⁷⁸ In April 2013, Chinese troops, for the first time since 1986, refused to return to China's side of the border after being discovered on (what India contended) was the Indian side of the Line of Actual Control.¹⁷⁹

So what roles do the Indian and Chinese militaries play in perpetuating the border stalemate? Is the rate of increase in low-level tactical skirmishes along the Himalayan frontier a cause for concern or not? This part of the paper focuses on these questions by firstly presenting a brief overview of Indian and Chinese military power and the broader geo-strategic implications of this power. The analysis then turns to the border forces of both sides and the creation of a state of deterrence, involving both conventional and nuclear forces. Finally, this part concludes that the current military settings will continue to support a protracted stalemate, albeit one that is likely to be punctuated by skirmishes and low-level clashes from time to time.

Indian and Chinese military power – implications for the relationship

India and China maintain formidable military forces, which have undergone significant modernisation programs over the past 20 years. For the last five years, India has been the world's largest importer of weapons; it also has the second largest military in the world, after China, and a budget in the order of \$US46.8 billion, ranking it as the 7th largest defence-spending nation.¹⁸⁰ The Indian Army represents 80 per cent of the Indian Defence Force and has approximately 1.129 million personnel.¹⁸¹

In comparison, China's actual military strength remains difficult to assess because of a lack of disclosure and transparency in key areas of military capability. In 2012/13, the Chinese military budget was estimated at 720.2 billion yuan (approx. \$US115 billion) for a force of 2.3 million personnel, including ground forces of 1.6 million.¹⁸² According to Japan's Ministry of Defense, the nominal size of China's national defence budget has approximately quadrupled over the past ten years, and has grown more than 33-fold over the past 25 years.¹⁸³

So what does this growth in military power mean in the context of the Sino-Indian relationship? Arun Sahgal suggests that China's military modernisation is fuelled by its grand strategy of geopolitical competition with the US.¹⁸⁴ Furthermore, China looks at India's modernisation not only from the perspective of an emerging peer competitor but also as a form of strategic collusion with the US.¹⁸⁵ In India's case, 'China's confidence in its new military power is unnerving'¹⁸⁶ and is leading to a 'growing realisation that it needs to develop credible hard power as a dissuasive strategy against China'.¹⁸⁷

These perspectives about each other's military power are driving a fundamental change in the strategic calculus of China and India. For most of the latter half of the 20th century, the Sino-Indian military power relationship was asymmetric, that is, heavily biased in China's favour. However, 'India's gradual but sustained path toward socio-economic and military modernisation is impelling Beijing to take notice of what had otherwise been viewed as an "asymmetric threat"'.¹⁸⁸ Moreover, it is along the Sino-Indian border that this closing of the military power differential is most keenly demonstrated in terms of the disposition and posture of Chinese and Indian forces.

The Tibetan Government in exile in Dharamsala estimates that the 'number of [Chinese] troops in Tibet stands at about 500,000, in the form of People's Armed Police, Chinese Frontier Guards and Garrison Duty Forces', which include tank brigades, artillery divisions, airborne divisions, infantry and specialist forces.¹⁸⁹ To support these forces, China has built 'new railways, 58,000 kilometres of all-weather roads, five air bases, supply hubs and communication posts' throughout Tibet.¹⁹⁰ This infrastructure gives China the 'ability to strike with power and speed if it decided to seize the Indian-controlled territory which it claims as its own'.¹⁹¹

In comparison, India has 'spared no effort and resources to modernise the Indian Army and build strategic roads all along the Himalayan region'.¹⁹² In May 2014, India deployed a new mountain 'Strike Corps', consisting of 80,000 troops, along the Line of Actual Control.¹⁹³ The Corps is designed to give the Indian Army a 'concrete counter offensive option in the event of an attack by the People's Liberation Army'.¹⁹⁴ India is also concurrently enhancing its capabilities in relation to ballistic missiles, fighters, spy drones, helicopters and missile squadrons in the eastern theatre with the specific intent of gradually transforming the present Indian 'dissuasive posture' against China into a posture of 'meaningful deterrence'.¹⁹⁵ This, in turn, is changing the power relativities along the border and increasing the consequences for China of any military forays.

Conventional and nuclear deterrence – furthering the stalemate

The net effect of China's and India's military modernisation programs is that both sides now have the posture, force disposition and infrastructure to support a large-scale conventional war along the Sino-Indian border. They also have sufficient nuclear weapons¹⁹⁶ in support of a 'minimal credible deterrence policy'.¹⁹⁷ So will they be tempted to fight yet again over the border? The literature reveals a range of views. John Mearsheimer paints a bleak picture:

Given the importance of these territorial disputes to China, coupled with the apparent difficulty of resolving them through the give-and-take of diplomacy, the best way for China to settle them on favorable terms is probably via coercion. Specifically, a China that is much more powerful than any of its neighbours will be in a good position to use military threats to force the other side to accept a deal largely on China's terms. And if that does not work, China can always unsheathe the sword and go to war to get its way.¹⁹⁸

However, Fravel counters this view and states that China has been 'less belligerent than leading theories of international relations might have predicted for a state with its characteristics', further noting that:

For scholars of offensive realism, China has rarely exploited its military superiority either to bargain hard territory that it claims or to seize it through force. China has likewise not become increasingly aggressive in managing its territorial disputes as its relative military and economic power has grown since 1990.¹⁹⁹

Moreover, Jonathan Holslag surmises that the overall strategy of both nations is to maintain the balance of power in the border area and that this balance is 'nourished' by small-scale incursions and the build-up of military infrastructure.²⁰⁰ He further argues that both sides are not looking for military supremacy along the border, although 'they are seeking ... to develop the capability to react flexibly on a wide range of challenges'.²⁰¹ For China, such challenges include combating Tibetan separatism, while for India, Pakistan continues to be a constant source of irritation.

On balance, 'an all-out conflict, although possible, appears improbable because it could spiral into nuclear war and would upset the prevailing harmonious development model adopted by both sides'.²⁰² Hence a combination of conventional and nuclear deterrence serves to keep hostilities in check. Furthermore, as China and India are both 'vulnerable to potential acts of hostility', a 'multi-level soft deterrence' is now a feature of the relationship.²⁰³ In the border dispute, China's key vulnerability is Tibet and India's is Pakistan, which makes the potential cost of conflict extremely high for both nations.

Thus India's and China's military modernisations have created a 'stronger security interdependence', suggesting the current security dilemma 'will not bring peace, but it will lead to a precarious form of stability as the costs of war rise significantly on both sides of the Himalayas'.²⁰⁴ In effect, the military power of both nations will assist in perpetuating the stalemate, wherein the dispute will continue to fester, albeit within bounds.

In many ways, the Sino-Indian border dispute highlights the limitations of military power. Yet today, China and India are also bound by 'the challenge of piloting a third of the world's population into the global economy'.²⁰⁵ So what does this great economic endeavour mean for their relationship and, more specifically, for the prospects of resolution of the dispute? The next part of this paper examines the role of economic forces and whether or not these forces could aid in breaking the deadlock.

Part 5 – Economic interdependence

Historically, China and India 'identified their fate uniquely with the conservative and inward-looking interests of their vast peasant societies'.²⁰⁶ Economic self-sufficiency was therefore one of the primary forces of political legitimacy for their ruling elites. For millennia, external trade between the two great civilisations remained a marginal activity.²⁰⁷

Today, India and China are economic powerhouses, integrated with the global economy and each trading with over 100 countries.²⁰⁸ Simultaneously, they remain focused on their respective domestic development and economic growth, both of which are underscored by a stable economic environment.²⁰⁹ Holslag contends that in 'their quests for national unity, India and China have embraced economic development via openness as a new sort of superglue'.²¹⁰

This final part of the paper examines the Sino-Indian economic relationship. In particular, it asks if Richard Rosecrance's 'liberal economic peace theorem', whereby '[s]tates that extensively trade with one another do not engage in conflict', applies to China and India.²¹¹ It examines whether economic interdependence through trade could help to ease the tensions in the Sino-Indian relationship and in turn contribute to breaking the border stalemate.

In the first instance, it explores Rosecrance's theorem and the nature of the Sino-Indian economic relationship. From this basis, the arguments surrounding Sino-Indian interdependence are examined. The analysis concludes that, on balance, the Sino-Indian economic relationship is not yet sufficiently developed to play a determining role in the Sino-Indian border dispute.

'Liberal Economic Peace Theorem' – what is it and is it relevant to the Sino-Indian relationship?

Yuchao Zhu explains the underlying logic of Rosecrance's 'liberal economic peace theorem' as follows:

Economic interdependence creates mutually dependent situations for interactive players, primarily nation states, to establish interconnected relations under which the importance of traditional power politics is reduced and military force is less useful. Under this condition, military conflict becomes less likely; cooperative behaviour, compromise, and peaceful solutions are the norm.²¹²

Mearsheimer surmises the theory as follows: '[s]tarting a war in a tightly connected and prosperous world is widely believed to be the equivalent of killing the goose that lays the golden eggs'.²¹³ Malik further notes that, in theory, 'growing economic interdependence would constrain any foreign policy behaviour that would jeopardise foreign investment, trade flows, market access and energy supplies'.²¹⁴ To what extent, therefore, could the Sino-Indian economic relationship contribute to breaking the stalemate, restraining military assertiveness and promoting a peaceful resolution of the border dispute?

The key to answering this question is an understanding of the trade flows between the two countries. In recent years, Sino-Indian trade 'has been growing at more than 30 per cent a year', albeit 'heavily skewed in Beijing's favour'.²¹⁵ Limited export competition in third markets and a lack of economic conflict associated with either regional trade policies or cross-border infrastructure projects are also features of the trade relationship.²¹⁶ Furthermore, although expanding, Sino-Indian bilateral trade flows are still modest compared to their overall trade. The most recent figures approximate the value of total Sino-Indian trade at US\$66.57 billion, with a trade deficit for India of US\$29 billion.²¹⁷

In 2012, India was China's 15th largest trading partner, with 1.7 per cent of China's overall trade.²¹⁸ India is China's 7th largest export destination, comprising 2.3 per cent of overall Chinese exports.²¹⁹ India also ranks as 19th among the countries exporting to China, with 1.1 per cent of China's imports.²²⁰ Some 45 per cent of Indian exports to China fall into the categories of iron ores, slag and ash, and cotton (including yarn and fabric).²²¹ The majority of China's exports to India are in the categories of plant (including nuclear reactors, boilers, machinery, electric machinery and sound equipment), organic chemicals and fertilisers, and iron and steel.²²² The key strategic issue, however, is that nearly 90 per cent of India's exports to China are raw materials and iron ore, which are then returned to China as higher-value finished goods, undercutting India's small and medium enterprises.²²³

In essence, these characteristics mean that at this stage of their economic development, China and India do not yet meet the criteria of Rosecrance's theorem. Hence, until such time as trade occurs in higher volumes and is more balanced and more integrated across the two economies, it is unlikely that economic forces will significantly contribute to the broader security relationship, let alone the border dispute.

Another aspect to the Sino-Indian economic relationship that often features in the literature is the complementary nature of their two economies.²²⁴ In theory, the emergence of complementary economies could act as a break in relationship tensions, as complementarity should support integration over competition. On first inspection, the fact that China's export-oriented economy is based on its manufacturing sector and global sales networks, and that India's domestic economy is centred on services and engineering, would appear to support this thesis.²²⁵

However, given the relatively moderate level of trade volumes described previously, Vincent Wei-cheng Wang maintains that Sino-Indian economic complementarity is not a major contributor to security.²²⁶ Furthermore, he contends that while there is the potential for closer economic ties, the emergence of a single giant 'Chindia' economic powerhouse is simply not supported by the evidence.²²⁷ Moreover, he argues that the forces of economic competition will ultimately limit greater Sino-Indian integration.²²⁸

Holslag further builds on this argument. Specifically he argues that the current absence of economic tension between the two countries is likely to be a function of India's relative inferiority in its industrial development when compared to China.²²⁹ Therefore, once India's industrial production improves and China's commercial services strengthen, any security benefits that have flowed from complementary dynamics could be lost. Rather, both nations could face 'fiercer competition' and this could actually translate into a source of potential tensions.²³⁰

Beyond the debate over trade balances, complementary economies and how these augur for interdependence and security, Dibesh Anand presents a different and contrasting economic view from a historical perspective. He notes that contrary to the widely-held view of the Himalayas as 'an impregnable natural barrier', the region up until the middle of the 20th century was a 'zone of interaction through the movement of people, goods and ideas, facilitated by a pluralistic yet shared sense of Tibetan Buddhism-influenced culture'.²³¹ He further notes that it was only in the late 1950s that the 'traditional trade and pilgrimage circuits crisscrossing the Himalayan region 'were ruptured as the 'tensions rose between the newly post-colonial China and India over their boundary'.²³²

This leads Anand to ponder if such a zone, where cultures met and interacted, could be reinstated in place of the 'current alien border zone' that exists today.²³³ In other words, economic activity, which is underscored by a shared sense of religious and cultural identity, could perhaps hold the key for resolving the border issue. However, Anand also postulates that such a thesis would require extensive scholarly work to further develop.²³⁴

Analysis of the Sino-Indian economic relationship reveals that while trade volumes have grown in recent years, given their overall modest volumes and pro-China bias, there is only a relatively moderate level of economic interdependence. This suggests that the Sino-Indian economic relationship is not yet mature enough to support the peace dividend postulated by Rosecrance. Rather, Sino-Indian 'economic relations are at a crossroads, and either competition or cooperation is a plausible scenario'.²³⁵

Even if economic cooperation eventuated in the longer term, the sheer magnitude of Sino-Indian competitive tendencies, which are 'rooted in geopolitics and nationalism, are unlikely to be easily offset or overcome'.²³⁶ Therefore, for the foreseeable future, China's and India's economic relationship is unlikely to significantly influence their security outlooks or play a role in bringing both parties to the negotiating table over the border dispute. The stalemate looks set to endure.

Conclusion

The Himalayan border dispute presents a classic study of great power rivalries, the perils of buffer states and the legacies of empires. The security problems for all three nations involved—China, India and Bhutan—are reflections of their geography and history, their national power and identity.

For Bhutan, wedged between the great Sino-Indian civilisation states, its choices are limited. By virtue of its cultural, historical and treaty ties with India, it is difficult to imagine how its border dispute with China can ever be resolved in the absence of normalised Sino-Indian relations. In essence, the trust deficit between China and India is simply too great to enable Bhutan to accept the Chinese 'package deal' and surrender territory that would strategically disadvantage India.

For the broader Sino-Indian border dispute, analysis of Tibet, identity and the Sino-Indian relationship, and military and economic power, reveals a number of complex factors that feed the greater rivalry but also perpetuate the stalemate and constrain military assertiveness.

Tibet remains the great barrier to the dispute's ultimate resolution. Cultural affinity and religious bonds bind India to Tibet, just as conquest and a thirst for its resources bind Tibet to China. The interaction of these forces sets the conditions for an enduring mistrust between the two great powers. This mistrust is reinforced by bitter memories and national identities, while a sense of victimisation and entitlement flows through the strategic cultures of Chinese and Indian elites.

Although shared interests and common ground are found on some issues, these bonds are not yet strong enough to overcome the barriers to dispute resolution.

Concurrently, the military modernisation programs of both nations have created a common posture of deterrence along the disputed border. China and India now find themselves locked in a security dilemma that will not bring peace but does create a 'precarious form of stability as the costs of war rise significantly on both sides of the Himalayas.'²³⁷ In other words, deterrence also nurtures the stalemate.

Furthermore, despite growing trade linkages, the Sino-Indian economic relationship is not yet mature enough to support the peace dividend postulated by Rosecrance. The Sino-Indian economic relationship is developing in a way that may lead to interdependence and, thereafter, lasting peace and cooperation. However, for the foreseeable future, the economic relationship is likely to play only a minimal role in the calculus of the border dispute.

So what of the future? This paper has analysed the factors that perpetuate the Sino-Indian border dispute and also constrain the likelihood of the dispute's escalation. While there are factors shaping stalemate, could a number of unrelated but coincidental factors unhinge the *status quo*? Are there triggers that exist along the roof of the world? How could we recognise their emergence? What steps could be taken now to address them? While this paper has concluded that the stalemate will endure, these are questions that warrant further consideration. For so long as one third of all humanity is divided by a disputed border, lasting security cannot be assured.

Notes

- 1 GeoHive, 'Global Population Statistics', available at <<http://www.geohive.com>> accessed 12 June 2014.
- 2 Sherya Das, 'The Sino- Indian Border Dispute: what role for the European Union?', European Institute for Asian Studies (EIAS) Briefing Paper, EIAS: Brussels, February 2014, p. 3.
- 3 John Garver, 'The Unresolved Sino-Indian Border Dispute: an interpretation', *China Report*, Vol. 47, No. 2, 2011, p. 99.
- 4 Nie Hongyi, 'Explaining Chinese Solutions to Territorial Disputes with Neighbour States', *Chinese Journal of International Politics*, Vol. 2, 2009, p. 487.
- 5 Andrew J. Nathan and Andrew Scobell, *China's Search for Identity*, Columbia University Press: New York, 2012, p. 4.
- 6 Hongyi, 'Explaining Chinese Solutions to Territorial Disputes with Neighbour States', p. 487.
- 7 In the 1990s, China settled both its eastern and western boundaries with the Soviet Union and later Russia under the Sino-Soviet Union Eastern Boundary Agreement (1991) and the Sino-Russian Western Boundary Agreement (1994). This decade also saw China settle disputes with the former Soviet republics, previously covered by these agreements, namely Kazakhstan (1994), Kyrgyzstan (1996) and Tajikistan (1999): Hongyi, 'Explaining Chinese Solutions to Territorial Disputes with Neighbour States', p. 487.
- 8 Hongyi, 'Explaining Chinese Solutions to Territorial Disputes with Neighbour States', p. 487.
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