




Review Article

India-China Relations in the 21st Century: Navigating Cooperation, Competition, and a Path to Coexistence

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Abstract

India-China relations in the 21st century have transitioned from a phase of strategic partnership and economic interdependence to one defined by intense rivalry, border tensions, and geopolitical manoeuvring. Bilateral trade has surged from under \$3 billion in 2000 to \$118.4 billion in 2023-24, yet persistent disputes along the 3,488-km Line of Actual Control (LAC), exemplified by the 2020 Galwan clash that killed 20 Indian and four Chinese soldiers, have strained ties. China's Belt and Road Initiative (BRI) and India's non-participation, coupled with Beijing's growing influence in South Asia via projects like the China-Pakistan Economic Corridor (CPEC), highlight economic asymmetries and strategic divergences. Geopolitically, India has deepened alliances through the Quad (with the U.S., Japan, and Australia) to counter China's Indo-Pacific assertiveness, while engaging in multilateral forums like BRICS and SCO to balance relations. The 2024 border patrolling agreement in Ladakh and the resumption of direct flights and the Kailash Mansarovar Yatra in 2025 signal a cautious thaw, amid the 75th anniversary of diplomatic ties. This paper analyzes historical context, economic dynamics, border disputes, geopolitical implications, and recent diplomatic efforts. Drawing on trade data, diplomatic records, and expert analyses, it explores how both nations can manage competition to foster stability. Recommendations emphasize sustained dialogue, economic diversification, and multilateral cooperation to prevent escalation and harness shared growth potential in a multipolar world.

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1. INTRODUCTION

The 21st century has witnessed a complex evolution in India-China relations, shaped by the interplay of economic growth, territorial disputes, and geopolitical ambitions. Representing nearly 35% of the global population and over 20% of global GDP, India and China established diplomatic ties on April 1, 1950, with India as the first non-socialist nation to recognize the People's Republic of China. This foundation envisioned a cooperative "dragon-elephant tango," but historical tensions, notably the 1962 Sino-Indian War, have cast long shadows. The post-Cold War era promised reconciliation, with milestones like the 2003 Declaration on Principles for Relations and Comprehensive Cooperation signed during Prime Minister Atal Bihari Vajpayee's visit to China. However, the trajectory shifted as China's global rise, accelerated by its 2001 WTO accession and the 2013 Belt and Road Initiative (BRI), intersected with India's economic liberalization and assertive foreign policy under Prime Minister Narendra Modi since 2014. Bilateral trade crossed \$100 billion in 2019, but the 2020 Galwan Valley clash—the deadliest in decades—exposed vulnerabilities, prompting India to ban Chinese apps and tighten investment scrutiny. By 2025, marking 75 years of diplomatic ties, a fragile détente emerged with the October 21, 2024, Ladakh patrolling agreement, resumed direct flights in late October 2025, and Modi-Xi meetings at the BRICS summit in Kazan (2024) and SCO summit in Tianjin (August 31, 2025). These steps, amid U.S.-China tensions and Trump's tariffs, reflect pragmatic diplomacy. This paper examines the multifaceted dynamics of India-China relations, focusing on economic interdependence, border frictions, and geopolitical rivalries. Drawing on historical timelines, trade statistics from the Ministry of Commerce, diplomatic communiqués, and analyses from think tanks like the Council on Foreign Relations and Carnegie Endowment, it argues that while competition dominates, opportunities for managed coexistence exist through sustained dialogue and multilateralism. By addressing asymmetries and fostering trust, both nations can mitigate risks and contribute to Asian stability in a polarized global order.

2. Background: Historical Evolution of India-China Ties

India-China relations trace their roots to ancient Silk Road exchanges, with Buddhism's spread from India to China symbolizing cultural connectivity. Modern ties, however, emerged amid post-colonial challenges. The 1950s "Hindi-Chini bhai-bhai" era reflected optimism, with India endorsing China's UN seat in 1951. China's 1950 annexation of Tibet and subsequent border disputes culminated in the 1962 war over Aksai Chin and Arunachal Pradesh, freezing relations until the 1980s thaw under Rajiv Gandhi's 1988 visit, which established the Joint Working Group on the boundary. The 21st century opened with optimism: China's 2003 recognition of Sikkim as Indian territory and trade surpassing \$10 billion in 2004 marked progress. Premier Wen Jiabao's 2005 visit emphasized high-tech cooperation, heralding an "Asian century of IT." Agreements like the 1993 Maintenance of Peace and Tranquility along the LAC and 1996 Confidence-Building

Measures aimed to stabilize borders. By 2010, the 60th anniversary of ties saw a Joint Vision for the 21st Century, emphasizing strategic partnership. Bilateral trade soared from \$2.9 billion in 2000 to \$92.68 billion in 2019, driven by Chinese electronics and machinery exports. Multilateral platforms like BRICS (founded 2009) and SCO (India joined 2017) fostered cooperation, with Hu Jintao's 2012 BRICS remarks in New Delhi emphasizing "common development." Yet, tensions persisted: China's 2008 stapled visas for Arunachal residents and opposition to India's NSG waiver signaled distrust. The 2013 BRI, particularly CPEC through Pakistan-occupied Kashmir (PoK), violated India's sovereignty, prompting non-participation. The 2017 Doklam standoff, where India halted Chinese road-building in Bhutan, lasted 73 days, highlighting military assertiveness. These events set the stage for a relationship blending economic synergy with strategic suspicion.

3. Economic Relations: Interdependence and Imbalances

Economic ties anchor India-China relations, with bilateral trade reaching \$118.4 billion in 2023-24, making China India's largest trading partner. India's exports—primarily iron ore, cotton, and marine products—reached \$8.46 billion in the first half of 2024, while imports, including electronics, chemicals, and machinery, totaled \$50.35 billion, resulting in a \$41.89 billion deficit. This imbalance, with China accounting for 16% of India's imports, underscores vulnerability, amplified post-Galwan by India's bans on 59 Chinese apps (e.g., TikTok) and tightened FDI scrutiny. China's BRI, spanning 150 countries with \$1 trillion in investments, has reshaped regional dynamics but excluded India due to sovereignty concerns over CPEC. India counters with initiatives like the International North-South Transport Corridor and IMEEC, promoting alternative connectivity. Despite tensions, cooperation persists: China invested \$3.5 billion in Indian unicorns pre-2020, and both nations collaborate in BRICS' New Development Bank (NDB) for sustainable projects. India's 2023-24 Economic Survey highlights "China+1" diversification, with PLI schemes attracting supply chains. Post-2020, India's domestic-driven growth (exports at 20% of GDP) buffered border shocks, while China's slowing economy (projected 4.6% growth in 2025) seeks Indian markets amid U.S. tariffs. Resumed trade at Nathu La and Lipulekh passes in 2025 signals pragmatism. However, challenges remain: India's Atmanirbhar Bharat initiative limits Chinese access, while Beijing's export surge risks market flooding. Future stability hinges on balancing deficits through diversified exports and joint ventures in renewables, fostering economic resilience amid global fragmentation.

4. Border Disputes: Persistent Flashpoints

The undefined 3,488-km LAC remains a core irritant, spanning western (Aksai Chin), middle (Uttarakhand-Himachal), and eastern (Arunachal-Sikkim) sectors. Historical claims, rooted in the British-drawn McMahon Line (1914) rejected by China, and Aksai Chin's strategic value for Xinjiang-Tibet connectivity, fuel tensions. The 1962 war entrenched mistrust, followed by

skirmishes in 1967 (Nathu La), 1987 (Sumdorong Chu), and 2014 (Chumar-Demchok). The 21st century saw escalation: the 2013 Depsang incursion, 2017 Doklam standoff, and 2020 Ladakh crisis, triggered by Chinese troop buildup amid India's Galwan road construction. The June 15 Galwan clash, involving clubs and stones, killed 24 soldiers, prompting India's forward deployments and infrastructure push (e.g., Darbuk-Shyok-Daulat Beg Oldi road). Over 100,000 troops faced off, with friction at Pangong Tso, Gogra-Hot Springs, and Depsang-Demchok. India linked China's response to the 2019 revocation of Article 370. Negotiations through 22 corps-commander rounds, WMCC, and Special Representatives yielded partial disengagements: Galwan (July 2020), Pangong (February 2021), Gogra (September 2021), and Hot Springs (2022). The October 21, 2024, patrolling pact for Depsang-Demchok created buffer zones, ending the four-year standoff, with full disengagement achieved by December 2024. By 2025, daily local meetings at Demchok prevent transgressions, and the Kailash Mansarovar Yatra resumed in June 2025 after six years. However, China's infrastructure, including the 2025 Yarlung Tsangpo dam approval, raises water security concerns for India's Brahmaputra-dependent northeast. India's border roads (BRO projects) and satellite surveillance enhance deterrence, but full LAC delimitation remains elusive, risking future clashes amid climate-induced resource strains.

5. Geopolitical Ramifications: Rivalry in the Indo-Pacific

India-China rivalry extends to the Indo-Pacific, where China's "string of pearls" (ports in Gwadar, Hambantota) encircles India, prompting New Delhi's "necklace of diamonds" (bases in Chabahar, Duqm). Beijing's South China Sea claims and Indian Ocean forays challenge India's SAGAR vision. The Quad, revived in 2017, counters via joint exercises (Malabar) and IPMDA for maritime awareness, aligning India with U.S.-led containment. Multilateral divergences persist: India boycotted BRI forums, viewing them as debt-trap diplomacy, and exited RCEP (2020) to protect markets. In BRICS (2024 Kazan summit), Modi-Xi pledged de-escalation, but China's Russia tilt amid Ukraine contrasts India's neutrality. SCO's 2025 Qingdao meeting saw Rajnath Singh propose a four-point border plan, emphasizing demarcation. China's Pakistan alliance via CPEC and JF-17 jets isolates India regionally, while Beijing's Nepal-Bhutan incursions heighten encirclement fears. India's U.S. ties (COMCASA, BECA) bolster intelligence-sharing, but strategic autonomy persists through BRICS Pay for de-dollarization. The 2025 U.S. tariffs pushed Modi-Xi closer, with their August 31, 2025, Tianjin meeting calling ties "partners, not rivals." Rivalry risks escalation in Taiwan or Maldives, but shared Global South leadership (G20, climate pacts) offers convergence. India's Act East policy and ASEAN ties balance China's dominance, yet misperceptions—China viewing India as a U.S. proxy—sustain distrust, fragmenting the Asian order.

6. India's Response Strategies

India's post-2020 strategy emphasizes resilience and diversification. Domestically, PLI schemes (\$26 billion across

14 sectors) reduce import dependence, attracting \$100 billion FDI since 2020, including scrutinized Chinese investments. Border infrastructure surged: 90 BRO projects completed by 2024, including 73 roads and 52 bridges, enhancing LAC access. Militarily, Agnipath reforms and indigenous procurement (Tejas jets, BrahMos missiles) deter aggression, with 225,000 troops along the border. Diplomatically, India leverages multilaterals: hosting G20 (2023) amplified the Global South, while Quad summits (2024) advanced vaccines and tech. A non-retaliatory border stance preserved negotiation space, yielding 2024 disengagement. Economically, FTAs with UAE, Australia, and ongoing EU talks offset China reliance, with ASEAN exports rising 20% in 2024. "Vocal for Local" boosted domestic consumption, mitigating Galwan boycotts. Energy security via Russian oil (39% imports) saved \$17 billion since 2022. Jaishankar's engagements and Modi-Xi Tianjin meeting (August 31, 2025) restarted SR talks, resuming visas and flights. India's non-alignment—balancing Quad with BRICS/SCO—hedges risks, advocating WTO reforms. Challenges include SME vulnerabilities and rupee depreciation, but diversified partnerships (IMEEC, BIMSTEC) fortify autonomy.

7. Analysis and Discussion

India-China relations embody "antagonistic cooperation": economic mutualism amid strategic zero-sum dynamics. The 2020 Galwan clash exposed LAC fragility, with China's salami-slicing testing India's resolve. Beijing's BRI asserts hegemony, but debt distress in Pakistan (\$30 billion owed) and Sri Lanka (Hambantota lease) validates India's critiques, positioning New Delhi as a sustainable alternative via ISA and CDRI. Trade imbalances fuel nationalism—India's \$100 billion deficit erodes trust—yet "China+1" shifts favor India, with Apple and Samsung relocating. Geopolitically, Quad counters China's Maritime Silk Road, but India's BRICS engagement prevents anti-Western blocs. The 2024 Ladakh pact demonstrates diplomacy's efficacy, but unresolved Aksai Chin/Arunachal claims (China's 2025 maps renaming places) risk relapse. U.S. tariffs (2025) align India-China against protectionism, echoing 2018 trade war dynamics. Misperceptions persist: China sees India's Quad as U.S. encirclement; India views CPEC as PoK infringement. WTO paralysis limits recourse, pushing bilateral mechanisms. Sustained SR dialogues and economic pacts could stabilize, but without border settlement, rivalry endures, complicating Indo-Pacific order and Global South unity.

8. Recommendations

To ensure stability, India should prioritize LAC delimitation through the SR mechanism, establishing hotlines and joint patrols to prevent incidents. Economically, negotiate a balanced trade deal targeting \$200 billion by 2030, easing FDI scrutiny for non-sensitive sectors while enforcing PLI for self-reliance. Diplomatically, leverage BRICS/SCO for de-dollarization (e.g., BRICS Pay) without alienating Quad partners, proposing trilateral India-China-U.S. talks on Indo-Pacific norms. Infrastructure-wise, expedite IMEEC and Quad initiatives to

counter BRI, while collaborating on shared rivers (Brahmaputra data-sharing). For China, consistent LAC adherence and reduced South Asian meddling (e.g., Nepal border) build trust. Multilaterally, reform WTO Appellate Body and expand NDB for green projects. Both should prioritize people-to-people ties—resuming student exchanges and tourism—to humanize relations. A grand bargain linking border peace to economic concessions could transform rivalry into coexistence, benefiting Asia's stability.

9. CONCLUSION

India-China relations in the 21st century reflect a delicate balance of opportunity and tension, from booming trade to border crises. The \$118 billion trade milestone masks a \$42 billion deficit and Galwan's scars, while BRI and Quad epitomize rivalry. The 2024 Ladakh agreement and 2025 diplomatic resets—Modi-Xi Tianjin vows (August 31, 2025), resumed flights, and Kailash Mansarovar Yatra—mark progress amid the 75th anniversary, yet LAC tensions and geopolitical frictions persist. India's strategies—diversification, multilaterals, infrastructure—demonstrate agility, but full trust requires border resolution. As nuclear powers shaping Asia, managed competition via dialogue is critical to avert escalation and harness growth. Upcoming SCO/BRICS forums offer platforms; a visionary pact could redefine ties, ensuring a multipolar order where dragon and elephant coexist for shared prosperity.

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