

Some Consequences of the India-China Crisis of 2020

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This chapter considers the current crisis between India and China, India's responses, and its effect on the India-U.S.-China triangle.

The Crisis

India-China relations are in crisis today. The crisis comes after several years of simultaneous competition and cooperation, with the balance steadily tilting over time toward competition. The June 15 deaths of soldiers and subsequent incidents of gunfire, the first in forty-five years, followed an unprecedented People's Liberation Army (PLA) buildup all along the Line of Actual Control (LAC) between India and China. In eastern Ladakh, the PLA moved forward into areas previously under Indian control and is preventing Indian patrols from accessing patrol points that they have consistently visited in the past in Depsang, Hot Springs-Gogra-Kongka La, near the Galwan River, and around Pangong Tso.

What China did in the spring by attempting to change the LAC and prevent Indian patrols on territory hitherto controlled by India was a fundamental and consequential shift in behavior. In response, India increased her deployment along the LAC and also occupied some heights south of Pangong Tso on her side of the line.

Despite statements at the political level by both sides that they seek to disengage, actual disengagement has been very limited so far, and the joint press statements only commit both sides to “stop sending more troops to the frontline, refrain from unilaterally changing the situation on the ground, and avoid taking any actions that may complicate the situation,” which sounds like a desire to freeze the new status quo created by Chinese actions in spring and summer 2020. It remains to be seen whether this commitment will be kept or go the way of previous such obligations in the various agreements signed since 1993.

Judging by deployments and infrastructure that the PLA is putting in place in Tibet, and the matching Indian responses, it will be a long haul before the pre-April status quo is restored, if at all. Unlike past confrontations and face-offs, the framing of the crisis by China as a sovereignty dispute—rather than as a border dispute that would be solved by give and take—makes it harder to settle. It also suggests that for China the issue is not just about the LAC or its clarification, but is part of an attempt to exercise control up to its claimed boundary, and probably also serves larger political goals.

Why?

Why have India-China relations come to this pass despite Prime Minister Narendra Modi and President Xi Jinping meeting eighteen times? Public opinion in both countries has been aroused, and relations are at their lowest ebb in decades, as Indian External Affairs Minister Subrahmanyam Jaishankar recently said. For several years India attempted to balance her relations with China and the U.S., and the Modi government was careful after 2017 not to offend China's sensitivities on Tibet, the Belt and Road Initiative, and in its framing of the Indo-Pacific Strategy, and had refrained from calling out China for occupying the Doklam plateau after the face-off in 2017.

There appear to be tactical and operational reasons at play on the Chinese side. For over two decades, India has been building infrastructure along the border in an attempt to catch up with China's buildup and the much easier access to the border that China enjoys on the Tibetan plateau. For instance, new roads like the Darbuk-Shyok-Daulat Beg Oldi road, the operationalization of advanced landing grounds near the LAC, and other steps have improved Indian logistics. The Chinese moves this year could be explained as attempts to straighten and push the LAC westward to dominate, take the heights, cut off Indian forward deployments, and isolate sub-sectors in the event of conflict. If these considerations led to the Chinese actions this spring, they would mean a much more significant role for the PLA in high-level decision-making in Xi's China.

But such tactical military considerations would not be sufficient justification for breaking bilateral treaties and agreements with India that have stood since 1993, changing the rules of engagement that have kept the peace for forty-five years, and the adverse—from China's point of view—political consequences that could have been anticipated. Nor do they explain the timing of Chinese actions or why China is simultaneously asserting herself across the board in Asia—in the Senkaku Islands, on Taiwan, in Hong Kong, in the South China Sea, with Australia, and so on, and via her new “wolf warrior” diplomacy. A newly powerful China has less soft-power influence internationally than at any point since the Cultural Revolution. A Pew poll out in late July says that only 23 percent of Indians and 22 percent of Americans look at China favorably.

Three broad explanations are normally offered to explain China's recent behavior.

One is of a China that is ascendant and rampant, that sees opportunity in an internally preoccupied U.S. and a weakened post-COVID world and India. This is a China that believes that her moment has come, where hubris shades into folly. The Chinese economy, which was roughly the size of the Indian economy in 1988, is now nominally five times larger than the Indian economy (or 2.45:1 in purchasing power parity terms), and China's modernized PLA has changed the military balance. But this fails to explain why the border was generally peaceful and stayed where it was for three decades and what has occasioned the change this year. The logical conclusion would be that there was an effective balance that kept the peace on the LAC for three decades, but that has now been changed or is broken in Chinese eyes, leading them to feel that they could change the ground situation in their favor without fear of broader reactions in a weakened world order.

By another telling, recent events have effectively postponed attainment of the China Dream in the post-COVID world. Although possibly the first to recover, China has been diminished by the trifecta of a pandemic, an economic crash, and U.S. pushback. China faces a hostile U.S. determined to prevent her rise to the superpower status that China has convinced herself was the historical norm. In the longer term, demography, geography, and her technological dependence on the West are closing China's window of opportunity and China knows it. She is therefore in a hurry to attain her political and military goals, particularly in her periphery, while the relative balance is in her favor.

A third explanation is of a China under domestic stress, where the leadership is divided and must tighten internal security after COVID-19 exposed weaknesses of the system, where performance legitimacy no longer suffices in a slowing economy and changed society, and, therefore, the party-state must rely on nationalism and external enemies for domestic consolidation. In support of this argument is cited the fact that the People's Republic of China (PRC) has taken significant external risks when internally unstable: crossing the Yalu in 1950 when the Chinese Communist Party (CCP) had yet to consolidate the PRC; the 1962 attack on India when Mao Zedong fought to come back after the disastrous Great Leap Forward and famine; the 1969 Chenpao ambush of Soviet troops in the chaos of the Cultural Revolution; the 1979 attack on Vietnam when Deng Xiaoping had just seized power and reform was beginning; and the 2008-12 South China Sea militarization during the contested transition to Xi. By this telling, the regime needs external enemies to cloak itself with nationalism, quelling internal dissent and mobilizing society. This was probably true of a Maoist China and may be true again in today's centralized China under an authoritarian leader with a personality cult. By this account, China's foreign policies are determined by and tactics are chosen for their effect on domestic politics and intra-elite competition rather than on a calculus of their external consequences. However, while there may indeed be signs of popular dissatisfaction in China, there is still limited proof of cracks in the remarkable unity that the Chinese elite has displayed since the fright of Tiananmen in 1989.

These explanations are not mutually exclusive. Misreading the external situation, where there is really no existential threat to China and overestimating China's ability to shape the international environment could go together with elite dissension, resulting in the assertive and confrontational China that we see.

Whatever the reasons, the geopolitical consequences of China's recent actions have been considerable.

India's Responses

On the border itself, China now seems happy with the new status quo and argues for a return to business as usual. Whether India is satisfied with the changed situation or will continue to insist on the restoration of the status quo as it was before April 2020 is not entirely clear from public statements. In any case, the LAC has been militarized and called into question all along the line.

India-China relations are being reset. There is no going back to what they were, to the surface calm that prevailed before 2020. Political relations will now be more adversarial, antagonistic, and contentious. Although theoretically India-China relations could see a new *modus vivendi* after the crisis, as they did after the Sumdorong Chu/Wangdung crisis in 1986-88, this seems unlikely with authoritarian strongmen in power in both countries, aroused public opinion, and differences out in the open. The other possibility is of a downward spiral to conflict, as occurred between 1959 and 1962, but both governments are so far signaling an unwillingness to be trapped into that scenario. More likely, we will see continued efforts to negotiate side by side with jostling for local advantage along the LAC and a continued buildup of infrastructure and capabilities by both sides—in other words, muddling through and attempting to avoid outright conflict, though the risks of conflict are certainly higher than ever in the last forty years.

India will have to undertake a series of self-strengthening steps, if for no other reason than to restore the effective balance on the border. These would include military and intelligence reforms based on lessons learned from the crisis.

The crisis has made it clear that India's China policy cannot optimize for both security and prosperity. Apart from its military response of defensive deployments and filling gaps on its side of the LAC, India has also responded by external balancing actions and by seeking to lessen its economic dependence on China. These dependencies are considerable in auto parts, pharmaceuticals, electronics, telecom, power, and fin tech. India has tightened scrutiny of Chinese investments in India, banned some Chinese apps, and cancelled some public contracts with Chinese firms. However, there are limits to decoupling. China accounts for 12 percent of India's imports. In 2019, total two-way trade was \$92.68 billion, \$56.77 billion in China's favor, and China was India's largest trading partner until overtaken by the U.S. in 2019. The Modi government, like Xi's, has adopted "self-reliance" as a strategy after the COVID-19 pandemic and economic crash, though it is unclear how much autarchy this will mean in practice. The signs—raising customs duties for four years running, and walking out of the Regional Comprehensive Economic Partnership (RCEP) negotiations—point to a more insular and protectionist India.

As for the political relationship between India and China, the primary focus of India-China contention will be in the Indian subcontinent and the Indian Ocean region. China has recently shown a willingness to involve herself in the internal politics of countries in the subcontinent and to make sizeable investments in them. An India-China competition for influence would probably be seen and used as an opportunity by many of India's neighbors.

There are calls in India to review India's One-China policy by developing relations further with Taiwan, to use the "Tibet card," and to agitate China's "Malacca Dilemma." It remains to be seen if this is practical and whether the government wishes to make such fundamental changes in its China policy. It has so far resisted such calls and left it to political parties, non-officials, and others to hint at changes and do the running on such issues.

The other likely consequence is the strengthening of the informal coalition that has formed in China's maritime periphery in the last two decades in response to China's rise. Defense, security, and intelligence links among India, Japan, Australia, Indonesia, Vietnam, Singapore, and others have greatly increased in quality and quantity in the last decade and a half. The China crisis increases Indian willingness to work in the Indo-Pacific with countries that share India's concerns about freedom of navigation and security in this extended body of water that is increasingly

militarized. The India-U.S. Malabar exercises now include others, and a “Quad Plus” security dialogue is emerging in practice. The security and stability of supply chains in the more difficult economic environment that we face is another issue on which one might expect these countries to work together. At the same time, given the stakes that each of these countries has in its ties with China, this informal coalition is probably more a hedging than a balancing exercise for its members.

Much, of course, depends on the future course of the world economy and Asia, and on the direction and magnitude of Sino-U.S. contention. China is successfully building a continental order in Asia through the Belt and Road Initiative accounted for 40 percent of global growth in 2019, and will probably account for more in 2020. It is in the maritime domain that China is challenged, both by her own lack of experience as a maritime power and by the U.S. and others for whom the maritime space of the Indo-Pacific is critical to their prosperity and security. India is both a continental and maritime power and faces China in both domains, with the world’s largest boundary dispute and increasing Chinese military presence in the Indian Ocean region, which now includes military bases, ports, and a permanent People’s Liberation Army Navy (PLAN) deployment.

Asia faces a more ideological and nationalist China and U.S., whose contention seems structural and therefore likely to last and intensify. The U.S. pushback has not managed to change Chinese behavior; if anything, it is now worse. China-U.S. decoupling may remain limited in practice to the internet, high technology, and some finance. The two most powerful powers in India’s extended neighborhood both use economic sanctions to get their way, and both see a zero-sum future for Asia. My own sense is that Asia’s future is not necessarily either Sino-centric nor U.S.-led, but fragmented, with Asian states hedging against all possibilities and working with both China and the U.S. where it suits them. Indeed, opting out of the RCEP negotiations in 2019 was a sizeable bet by India on a future Asia that is multipolar with strong U.S. involvement.

India-U.S.-China

China has consistently been a factor in India-U.S. relations, from the 1950s and early 1960s when the Eisenhower and Kennedy administrations saw India as part of their Asian strategy to contain China to the Nixon administration’s view of India during the 1971 crisis as testing U.S. credibility in Chinese eyes while it sought a China opening. That opening morphed into a virtual China-U.S. alliance in Afghanistan and Indochina in the 1980s, leading to considerable Indian suspicion of China-U.S. ties involving Pakistan, which were seen as collusive.

Equally, right through the Cold War China saw India-U.S. ties with suspicion, primarily fearing Indo-U.S. collusion on Tibet, and worked to neutralize them using Pakistan, U.S. antipathy to the Soviet Union, and other available levers. After the Cold War, China sought to keep India neutral and to keep her periphery in the south-west free of U.S. influence by improving relations with India, entered into the 1993 and subsequent border Confidence-Building Mechanism (CBM) agreements, kept the peace and the status quo on the border with India, worked with India in international negotiations at the Doha Round and on climate change, and developed economic and trade ties. That phase is now decisively over with the crisis of 2020.

For India, the ideal position in the India-U.S.-China triangle is to have better relations with both the U.S. and China than they have with each other. India has therefore traditionally adopted a balancing strategy between China and the U.S. when their relations were antagonistic and sought external counterweights (like the Soviet Union in 1971) when China and the U.S. worked together against Indian interests. That balancing or hedging strategy will need to be modified as a consequence of Chinese actions this spring.

China must have known the consequences of her actions this spring for India-U.S. relations—because of them, India will likely move from her traditional balancing between China and the U.S. to lean to one side, the U.S. Presumably China saw recent advances in India-U.S. defense and security links, particularly interoperability, as having crossed a point of no return. As senior Chinese scholar Yan Xuetong said in an Institute of Chinese Studies seminar in mid-September, “India has given up nonalignment and has the motivation to become a U.S. ally, using nonalignment as a cover to make policy.” If China has indeed concluded that India-U.S. relations have gone beyond the point of no return

and that she cannot count on Indian neutrality in her intensifying contention with the U.S., China's actions on the LAC were designed to show the U.S. and India's neighbors that an India that could not even defend its own territory could not countervail China. They were also intended to show India that the U.S. is not the solution to India's China problem when it comes to dealing with China on land.

India and China have a history of misreading each other, and we may have another instance here where Chinese actions have actually brought about what China should be trying to deter or avert, namely, much closer coordination between India and the U.S. on China. It would be reasonable to expect considerable progress in India-U.S. relations, including an initial trade deal, a stronger defense relationship, and tighter intelligence cooperation. Indeed, as India embarks on the self-strengthening necessary to deal with a more antagonistic China and a harsher security environment, India is again likely to turn to the U.S. as she accelerates military reforms. India-U.S. congruence on the Indo-Pacific is increasing, as is defense cooperation and interoperability. The U.S. is also an essential partner for the transformation of India. While India-U.S. ties may not become a formal alliance, they will increasingly adopt the characteristics of one, short of the commitment to mutual defense that neither side seems ready to offer at present. In other words, India-U.S. relations have never been better and are likely to benefit from the 2020 India-China crisis.

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