

# India-China

Posted at: 28/01/2025

## India-China: Fostering Diplomatic and Economic Growth

**Context:** The two countries, **India and China**, aim to use the opportunity following the recent meeting between their Foreign Secretaries to enhance public diplomacy efforts and conduct several commemorative activities. This meeting marks a significant step in the ongoing efforts to rebuild trust and cooperation between the two nations, following a period of tensions caused by military standoffs and the impact of the COVID-19 pandemic. The steps outlined below reflect the shared commitment to improving ties and fostering mutual growth and stability.

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### Key Announcements and Initiatives

Several important steps have been taken to improve cooperation between India and China:

#### 1. Kailash Mansarovar Yatra

- This important pilgrimage will resume in **summer 2025**, allowing Indian devotees to visit one of their most sacred sites in Tibet.
- This initiative serves as a symbol of cultural and religious ties between the two nations.

#### 2. Sharing Hydrological Data

- Both countries have agreed to restart cooperation on sharing **hydrological data** about rivers that cross their borders.
- This data sharing is crucial for the effective management of water resources, particularly for the regions downstream.

#### 3. Direct Air Services

- India and China have agreed to **resume direct flights**, making travel easier for people, including business representatives, media, and cultural groups.

#### 4. People-to-People Exchanges

- In celebration of the **75th anniversary** of diplomatic relations in 2025, both countries plan to organize **cultural events**, media exchanges, and academic collaborations.
- These initiatives aim to rebuild trust and foster deeper understanding between the people of both countries.

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## Key Areas of Concern in India-China Relations

Despite these positive steps, several issues continue to challenge the relationship between India and China:

### 1. Unresolved Border Disputes

- The **Line of Actual Control (LAC)** remains a major point of disagreement, with both countries having competing claims.
- Conflicts such as those in **Galwan Valley (2020)** and **Tawang (2022)** indicate that tensions along the border have not been fully resolved.

### 2. Trade Imbalance

- India faces a significant **trade deficit** with China, meaning it imports more from China than it exports.
- In **2023-24**, the trade deficit reached **USD 85 billion**, up from USD 83.2 billion the previous year.
- India has expressed concerns about China's restrictions on certain products like **pharmaceuticals** and **high-tech goods**, while China has raised issues regarding India's business regulations.

### 3. China-Pakistan Relationship

- China's support for **Pakistan** through initiatives like the **China-Pakistan Economic Corridor (CPEC)**, which passes through disputed territory claimed by India, remains a point of tension.

### 4. China's Growing Influence

- China is expanding its influence in **South Asia** through projects like the **String of Pearls** and its growing presence in countries such as **Maldives** and **Sri Lanka**, creating security concerns for India.
- Additionally, China's actions in the **South China Sea** and the **Indo-Pacific** have raised regional stability concerns.

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## The Way Forward

To address these challenges and build a more balanced and long-term relationship, India and China have discussed the following approaches:

### 1. Managing Border Issues

- Both nations are engaged in ongoing discussions and agreements to maintain peace along the **LAC**. Past agreements, such as those on **Depsang** and **Demchok**, offer hope for future de-escalation.

## 2. Diplomatic Talks

- Regular discussions through both **bilateral** and **regional forums** such as **BRICS** and **SCO** will help maintain open communication and facilitate cooperation on various issues.

## 3. Improving Economic Ties

- Addressing trade barriers and making trade policies clearer will be crucial to creating a more **balanced** economic relationship.
- Both countries are working to ensure **policy transparency** and ease regulatory issues to improve bilateral economic cooperation.

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## Economic and Diplomatic Relations

China is India's largest trading partner, with **bilateral trade** reaching **USD 118.4 billion** in **2023-24**. However, challenges remain, including **trade barriers** and issues with **market access**, which hinder the full potential of their economic ties. Clear and predictable economic policies are essential for enhancing their economic relationship and fostering long-term growth.

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## Enhancing People-to-People Ties

In celebration of the **75th anniversary** of diplomatic relations, India and China will organize **cultural events**, media exchanges, and academic collaborations. These activities aim to:

- **Rebuild trust** and **understanding** between the two nations.
- Promote deeper connections between **ordinary people**, strengthening long-term relationships.

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## Conclusion: Moving Towards Stability and Growth

The recent initiatives taken by India and China signal a positive shift towards improving their relationship. While challenges remain, such as unresolved **border issues**, **trade imbalances**, and strategic differences, the emphasis on **cultural exchanges**, **trade transparency**, and **environmental cooperation** demonstrates both nations' commitment to addressing these challenges. By maintaining **open communication** and focusing on long-term cooperation, India and China have the opportunity to create a **more stable** and **prosperous future** for both countries and the wider region.