

How Modi 3.0 could steer India-China relations

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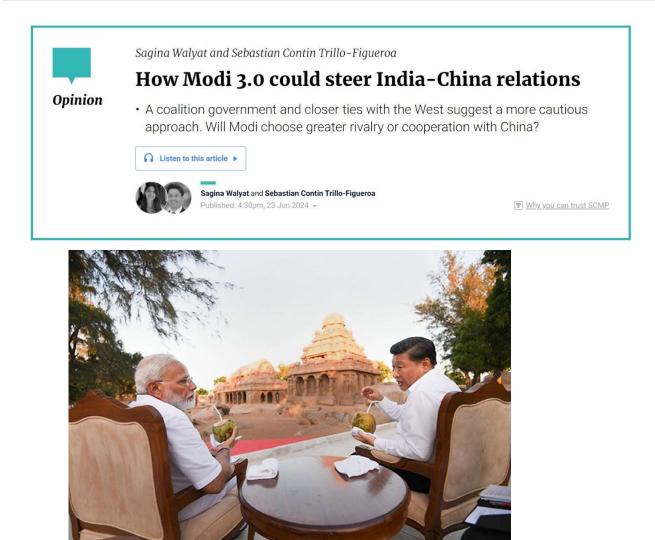
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Indian Prime Minister Narendra Modi and Chinese President Xi Jinping chat during their informal summit in Mamallapuram, India, on October 11, 2019. Photo: PTI/dpa

India's latest election marked a resurgence of democracy, as voters pushed back against concentrated power and the ethno-nationalist sentiments in the ruling Bharatiya Janata Party. This shift may force Prime Minister Narendra Modi to reconsider his hardline policies and opt for more cautious approaches. Implemented wisely, such changes could bolster India's international standing.

India's return to coalition government brings to mind the diverse alliances from 1989 to 2014. These coalition governments implemented major economic reforms, spurring significant growth across various sectors in India's journey to becoming the world's fifth-largest economy.

But a rising India under Modi has also seen its relationship with neighbouring China enter a complex phase. Both vast and competitive economies, they are facing hurdles in building their friendship and, increasingly, security concerns are outweighing economic considerations.

Border clashes – especially in 2013, 2014 and 2017 – have shaped the relationship, and the 2020 Galwan Valley incident signalled a turning point. The long-standing animosity, China's hegemony in the Indian Ocean and its salami-slicing tactics along the Line of Actual Control – a loosely defined ceasefire line – has pushed India towards the US. At the same time, China is drawing closer to India's adversary Pakistan.

This divergence underscores Beijing and New Delhi's distinct geopolitical interests. China pursues a global agenda, leveraging soft power with its Belt and Road Initiative while asserting dominance in the South China Sea. In contrast, India prioritises diplomatic interactions with developing nations and has recently strengthened ties with the US, guided by the disparity between its military expenditure and China's.

India's deepening alliance with the United States, characterised by President Joe Biden as "the defining partnership of the 21st century", reflects their shared interests in managing China's influence despite the historical mistrust.



Biden, Modi hail new era of US-India ties and tout deals

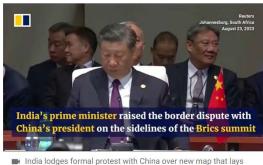
This also positions India with Europe's aspirations for global influence, potentially reshaping New Delhi's multi-alignment strategy.

Both the European Union and India face security threats and are grappling with economic dependency on China. They can unite over the diversification of supply chains, as Europe implements "derisking" and economic security measures. New Delhi has its "Make in India" initiative, though this has yet to significantly reduce its reliance on China.

Amid tensions, India's political landscape is changing. Coalition governance and a stronger opposition may prompt more pragmatic policies but business demands also drive this shift.

Sino-Indian tensions are estimated to have cost India's electronics manufacturers US\$15 billion in production losses, with 100,000 job losses over the past four years. They are calling for more flexible trade policies and visa relaxations for skilled Chinese workers.

This evolving setting could steer the Sino-Indian relationship in two directions: continued rivalry and strategic competition amid closer India-West coalitions, or increased collaboration and mutual understanding with China.



 India lodges formal protest with China over new map that lay claim to disputed territory

First, points of convergence between India and the West are multiplying, extending beyond India's "Vishwaguru" (teacher to the world) foreign policy, "neighbourhood first" strategy and focus on leading the Global South.

This is evident in the Quadrilateral Security Dialogue and India's increasing security cooperation with Western partners, even as it continues to buy weapons and energy from Russia. Collaborations include the India-Middle East-Europe Economic Corridor project and the US-led Minerals Security Partnership. These developments underscore India's strategic efforts to counterbalance China in the long term and reaffirm its stature as a credible power.

While it remains to be seen how China will perceive a more influential India as it positions itself as a bridge between the West and the Global South, Beijing may well view New Delhi's rising status with caution, particularly as Modi 3.0 seeks to capitalise on the "China plus one" strategy. But, for India to fully leverage this position, it needs significant reforms to become more attractive as an alternative investment destination.

Second, to enhance Sino-Indian relations, senior leaders should convene now that India's elections are over. A resumption of dialogue between Chinese President Xi Jinping and Modi would lead to ministerial submeetings to resolve long-standing issues like business barriers and Indian authorities' scrutiny of Chinese companies.

New policies may find space for Sino-Indian joint ventures and return the Line of Actual Control to the pre-2020 status quo. Concessions from both sides would provide stability and predictability.



Tap to launch this special feature India-China border clash explained

Tempering the confrontational rhetoric in Indian politics and media regarding China could create a more conducive atmosphere for dialogue, when China also needs to de-escalate tensions, especially in light of US rivalry. Both nations participate – and compete against each other – in organisations like

the Shanghai Cooperation Organisation, Group of 20 and Brics-plus, which offer frequent opportunities for negotiation and collaboration.

Relaxing visa regulations and bolstering "Track-II" diplomacy, academic collaboration, joint research projects and think-tank dialogue, along with facilitating meetings among civil society organisations, are pivotal. This approach, especially in the Himalayan border regions and major cities, fosters grass-roots engagement and mutual understanding, easing tensions.

By clearly categorising areas of cooperation and contention, both countries can manage enduring disputes constructively while capitalising on shared opportunities, ultimately nurturing a more harmonious and strategic partnership.

India's post-election period should catalyse a shift in domestic and international policies as it gradually assumes the role of a global power. This requires India to embrace a nuanced foreign policy strategy and enhance its diplomatic engagements with both China and the West to bolster its influence and stability.

While competition will persist, the two rising Asian powers have the opportunity to be less confrontational, revitalise their collaborative spirit, reshape regional dynamics and promote global cooperation.

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