

India-China Bilateral Relations

Political Relations

On 1 April, 1950, India became the first non-socialist bloc country to establish diplomatic relations with the People's Republic of China. Prime Minister Nehru visited China in October 1954. Though the border conflict in 1962 was a setback to ties, Prime Minister Rajiv Gandhi's landmark visit in 1988 marked the beginning of improvement in bilateral relations. In 1993, the signing of an Agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control on the India-China Border Areas during Prime Minister Narasimha Rao's visit reflected the growing stability in bilateral ties.

2. The cumulative outcomes of various bilateral high-level visits have added value and substance to our ties. During Prime Minister Atal Bihari Vajpayee's visit in 2003, India and China signed the Declaration on Principles for Relations and Comprehensive Cooperation and also mutually decided to appoint Special Representatives (SRs) to explore the framework of a boundary settlement. During the April 2005 visit of Premier Wen Jiabao, the two sides established a Strategic and Cooperative Partnership for Peace and Prosperity.
3. India-China bilateral relations have expanded and become diversified in the past decade. During the visit of President Xi Jinping to India in September 2014, the two sides redefined the bilateral engagement as Closer Developmental Partnership. In addition, a total of 16 agreements were signed in various sectors including, commerce & trade, railways, space- cooperation, pharmaceuticals, establishment of industrial parks, and sister-city arrangements. The two sides also signed a MoU to open the Nathu La route for Kailash Mansarovar Yatra.
4. Prime Minister Narendra Modi visited China in May 2015 and held meetings with President Xi Jinping and Premier Li Keqiang. During the visit, Prime Minister Modi and Premier Li Keqiang also addressed the opening session of the First State/Provincial Leaders' Forum in Beijing. 24 agreements were signed on the government-to-government side, 26 MoUs on the business-to-business side and two joint statements, including one on climate change. Prime Minister also announced e-visa facility for Chinese tourists.
5. President Pranab Mukherjee made a state visit to China in May 2016. He visited Guangdong and Beijing where he met with the Chinese leadership, and

during the visit ten MoUs in the field of education and research were concluded.

6. The year 2018 witnessed an upswing in the momentum of bilateral ties. In April 2018 Prime Minister Modi and President Xi held the first Informal Summit in Wuhan to exchange views on overarching issues of bilateral and global importance and elaborated upon their respective visions and priorities for national development. The two leaders agreed to significantly enhance efforts to build on the convergences through the established mechanisms in order to create the broadest possible platform for the relationship. The dialogue helped in forging a common understanding of the future direction of India-China relations built upon mutual respect for each other's developmental aspirations and prudent management of differences with mutual sensitivity.

7. The bilateral ties continued to strengthen and deepen in the year 2019 with the Second Informal Summit between Prime Minister Modi and President Xi held in Chennai on 11-12 October 2019. The Second Informal Summit evaluated the direction of bilateral relationship in a positive light and discussed ways to further deepen India-China bilateral interaction to reflect the growing role of both countries on the global stage. The Summit recognized that India and China were factors for stability in the current international landscape and that both sides should properly manage their differences and not allow them to become disputes.

8. The two leaders also visited each other's countries to attend various multilateral summits. Prime Minister Modi visited China in September 2016 to participate in the G20 Summit in Hangzhou, in September 2017 to participate in the BRICS Summit in Xiamen, and in June 2018 to attend the SCO Summit in Qingdao. President Xi visited India in October 2016 to participate in the BRICS Summit in Goa.

9. In the year 2019, in addition to the Second Informal Summit in Chennai, Prime Minister Modi and President Xi also met on the sidelines of the SCO Leaders' Summit in Bishkek on 13 June 2019, which was their first meeting after the re-election of Prime Minister Modi, as also on the sidelines of the 14th G-20 Summit in Osaka on 30 June 2019 and at the 11th BRICS Summit in Brasilia on 13 November 2019.

Other high level visits and mechanisms

10. India and China have established more than thirty dialogue mechanisms at various levels, covering bilateral political, economic, cultural, people-to-people, consular matters as well as dialogues on regional and global issues.

11. The Foreign Ministers meet regularly, including on the sidelines of multilateral events. Foreign Minister Wang Yi visited Delhi in the capacity of Special Envoy of the President in June 2014, when he called on PM Modi and had bilateral discussions with EAM. He also visited Goa and Delhi in August 2016, where he had separate meetings with Chief Minister and Governor of Goa, EAM and also called-on the Prime Minister. He also took part in the RIC Foreign Ministers Meeting in December 2017 in New Delhi. During this visit he had also called-on the Hon'ble President, and held bilateral meetings with EAM and NSA. Foreign Minister Wang Yi again visited India from 21-24 December 2018 to lead a multi-ministry delegation for the inaugural meeting of the High Level Mechanism (HLM) on Cultural and People-to-People Exchanges, an important outcome of the Wuhan Summit. During the visit, he also had meetings with NSA and Maharashtra Chief Minister, Devendra Fadnavis, and also called on President Ram Nath Kovind.

12. The then EAM Smt. Sushma Swaraj visited Beijing in February 2015 for the Russia-India-China (RIC) Foreign Ministers' meeting. In April 2018, EAM visited Beijing for the SCO Council of Foreign Ministers, when she also called on Vice President Wang Qishan, and in February 2019 she participated in the RIC Foreign Ministers' Meeting in Wuzhen. She also had bilateral meetings with Foreign Minister Wang Yi during these visits. EAM Dr. S. Jaishankar paid an official visit to China from 11 to 13 August 2019, during which he held a bilateral meeting and co-chaired the 2nd meeting of the India-China High-level Mechanism (HLM) on Cultural and People-to-People Exchanges with Chinese Foreign Minister Mr. Wang Yi in Beijing. Five MOUs on cooperation in the fields of sports, culture, museums and traditional medicine, as well as on exchanges between the two Foreign Ministries were signed during the visit. During the visit, EAM also met with the Vice President of China Mr. Wang Qishan. Most recently, both Foreign Ministers met on the sidelines of the SCO Foreign Ministers' Meeting in Moscow on 10 September 2020.

13. Following establishment of the mechanism of Special Representatives (SR) on the India-China Boundary Question in 2003, 22 rounds of talks have been held. The 22nd round of talks between Mr. Ajit Doval, National Security Advisor and Mr. Wang Yi, Foreign Minister was held in New Delhi on 21 December 2019. An Agreement on the Establishment of a Working Mechanism for Consultation and Coordination on India-China Border Affairs (WMCC) was signed during the 15th Round of SR talks in New Delhi in January 2012. The WMCC has held 19 meetings, with the latest one held on 30 September 2020.

14. The 1st reconstituted Strategic Dialogue between the then Foreign Secretary, Dr. S Jaishankar and the Chinese Executive Vice Foreign Minister Mr. Zhang Yesui was held in February 2017. Foreign Secretary Vijay Gokhale and Vice Foreign Minister Mr. Kong Xuanyou have met in Beijing in February 2018, in New Delhi in April and June 2018, and again in April 2019 in Beijing, as part of regular diplomatic consultations.

15. India and China are also taking forward cooperation in the field of defence. Raksha Mantri (RM) Smt. Nirmala Sitharaman paid a visit to Beijing in April 2018 for the SCO Defense Minister's meeting. During the visit, she also held bilateral meeting with Chinese Defense Minister Wei Fenghe. Chinese Defense Minister Wei Fenghe paid an official visit to India in August 2018 and held discussions with RM. The two Defence Ministers also met on the sidelines of the SCO Defence Ministers Meeting in Moscow on 04 September 2020.

16. The 9th India-China Annual Defence and Security Dialogue (ADSD) was held in Beijing on 13 November 2018. The dialogue was co-chaired by the Defence Secretary of India and the Deputy Chief of Joint Staff Department of Central Military Commission of China. Two Chinese naval ships participated in the International Fleet Review conducted at Visakhapatnam in February 2016. Two Indian naval ships, the INS Kolkata and the INS Shakti took part in the International Fleet Review in Qingdao, Shandong in April 2019, held as part of the 70th anniversary celebrations of the People's Liberation Army (PLA) Navy. The 8th edition of India-China Joint Training Exercise (Hand-in-Hand 2019) was held from 06 to 20 December 2019 at Umroi, India wherein 130 soldiers from both sides jointly conducted Counter-Terrorism and Humanitarian Assistance and Disaster Relief exercise. A delegation of the Indian Army, led by General Officer Commanding in Chief, Northern Command, Lt. Gen Ranbir Singh, visited China on an official engagement from 7-10 January 2020.

17. India and China also have a High Level Dialogue Mechanism on Counter Terrorism and Security, led by Chairman (JIC) on the Indian side and the Secretary General of the Central Political and Legal Affairs Commission of the Chinese Communist Party on the Chinese side. The mechanism first met in Beijing in September 2016. Minister of Public Security, Mr. Zhao Kezhi also visited India in October 2018 and co-chaired the first India-China High Level Meeting on Bilateral Security Cooperation with Home Minister Shri Rajnath Singh. An MOU on cooperation in security and law enforcement was also signed.

18. To facilitate high level exchanges of Party leaders from China and Chief Ministers from India, a special arrangement has been entered into by the Ministry of External Affairs and the International Liaison Department of the Central Committee of the Communist Party of China (MEA-IDCPC) since 2004. During the visit of PM to China in May 2015, an MoU on expanding the exchange programme between MEA and IDCPC was signed. The most recent visit to take place under this programme was that of Member of the Political Bureau of CPC Central Committee and Guangdong Party Secretary Mr. Li Xi to Delhi and Ahmedabad in June 2019. The last visit from India to China under the programme was in September 2018, when Sh. Raghubar Das, Chief Minister of Jharkhand visited Beijing, Zhengzhou and Shanghai.

19. Furthering interaction between scholars, academicians, experts and strategic thinkers on both sides, the 4th India-China Think Tank Forum was held from 28-29 November 2019. A 15-member delegation led by Director General of the Indian Council of World Affairs (ICWA) Ambassador T.C.A. Raghavan visited China to participate in the forum, which was co-organized by ICWA and the Chinese Academy of Social Sciences (CASS). The 6th ICWA - Chinese People's Institute of Foreign Affairs (CPIFA) Dialogue was also held from 06 to 07 November 2019 in New Delhi.

20. Both India and China have maintained regular exchanges on cooperation in water resources. From 12-13 June 2019, the 12th meeting of the India-China Expert Level Mechanism (ELM) on Trans-border Rivers took place in Ahmedabad. During the meeting, in pursuance to the MoU for provision of hydrological information of the Brahmaputra River, both sides signed the "Implementation plan on the provision of hydrological information of Yaluzangbu/Brahmaputra River in flood season". A similar MoU for provision of hydrological information of the Sutlej River is also in force.

Commercial and Economic Relations

21. The rapid expansion of India-China bilateral trade since the beginning of this century propelled China to emerge as our largest goods trading partner by 2008, a position which China continues to hold today. Since beginning of the current decade, bilateral trade between the two countries recorded exponential growth. In 2017 and 2018, the bilateral trade has registered robust two digit growth. In the year 2019, India was the 12th largest trade partner of China. The total bilateral trade registered a reduction of 2.93% year on year to reach US \$ 92.89 billion. India's exports to China decreased by 4.55% y-o-y to

US \$17.97 billion, and India's imports from China also witnessed a drop by 2.54% to US \$ 74.92 billion. Due to the impact of COVID this year, the overall trade with China saw a reduction of 13.1% in Jan-Sept 2020 (USD 60.5 billion) as compared to the same period in 2019 (USD 69.7 billion).

22. While flourishing trade has brought with it all the advantages such as availability of low priced items in India, it has also led to the biggest single trade deficit we are running with any country. Our trade deficit concerns are two pronged. One is the actual size of the deficit. Two is the fact that the imbalance has continuously been widening year after year to reach US \$58.04 billion in 2018. In 2019, India's trade deficit with China stood at US \$ 56.95 billion, a minor y-o-y decline of 1.88%, with trade deficit declining for the first time since 2005.

23. The growth of trade deficit with China could be attributed to two factors: narrow basket of commodities, mostly primary, that we export to China and market access impediments for most of our agricultural products and the sectors where we are competitive in, such as pharmaceuticals, IT/IteS, etc. Our pre-dominant exports have consisted of cotton, copper and diamonds/natural gems. Over time, these raw material-based commodities have been over-shadowed by Chinese exports of machinery, power-related equipment, telecom, organic chemicals, and fertilizers. We need to engage Chinese continuously for addressing market access issues and hold them to assurances made on this account. This year, due to Covid-19 and the overall reduction in our bilateral trade, trade deficit with China during the first nine months period saw a reduction of 30.5% from USD 42.9 billion (Jan-Sep 2019) to USD 29.8 billion as Indian exports to China increased by 14.9% y-o-y.

24. Growth in bilateral investment has not kept pace with the expansion in trading volumes between the two countries. While both countries have emerged as top investment destinations for the rest of the world, mutual investment flows are yet to catch up. According to the Ministry of Commerce of China, Chinese investments in India between January-September 2019 were to the tune of US\$0.19 billion and Cumulative Chinese investment in

India till the end of September 2019 amounted to US\$5.08 billion. Cumulative Indian investment in China until September 2019 is US\$ 0.92 billion. However, these figures do not capture investment routed through third countries like Singapore, Hong Kong, etc. especially in sectors such as start-ups etc. which has seen significant growth in Chinese investment.

25. Over the years, presence of Indian Banks in China has shrunk to two. Remaining banks have either closed their operations in China or are in the process of closing down. Chinese banks, Industrial and Commercial Bank of China (ICBC) and Bank of China (BOC) have their branch offices in Mumbai.

26. Many Indian companies have set up Chinese operations to service both their Indian and MNC clientele in China. They operate either as representative offices, Wholly Owned Foreign Enterprises (WOFE), Joint Ventures with Chinese companies are into manufacturing and IT and IT-enabled services, trading, banking and allied activities. Some of the prominent Indian companies in China include Dr. Reddy's Laboratories, Aurobindo Pharma, Matrix Pharma, NIIT, Infosys, TCS, APTECH, Wipro, Mahindra Satyam, Essel Packaging, Suzlon Energy, Reliance Industries, SUNDARAM Fasteners, Mahindra & Mahindra, TATA Sons, Binani Cements, etc.

27. More than 100 Chinese companies have established offices/operations in India. These include Chinese state-owned companies that have won projects in India and have opened project offices in India, such as Sinosteel, Shougang International, Baoshan Iron & Steel Ltd, Sany Heavy Industry Ltd, Chongqing Lifan Industry Ltd, China Dongfang International, and Sino Hydro Corporation, as well as Chinese electronic, IT and hardware manufacturing companies such as Huawei Technologies, ZTE, TCL, Haier etc. Chinese companies involved in EPC projects in the Power Sector in India include Shanghai Electric, Harbin Electric, Dongfang Electric, Shenyang Electric etc. Chinese mobile companies have achieved remarkable growth in India, with companies like Xiaomi, Huawei, Vivo and Oppo occupying nearly 60% of Indian mobile handset market.

28. The India-China Economic and Commercial Relations are shaped through various dialogue mechanism such as Joint Economic Group (JEG) led by the Commerce Ministers of both sides, Strategic Economic Dialogue (SED)

led by the Vice Chairman of NITI Aayog and the Chairman of National Development and Reform Commission (NDRC) of China, the NITI Aayog - Development Research Center (DRC) Dialogue and the Financial Dialogue led by Secretary, Department of Economic Affairs of India and Vice Minister, Ministry of Finance of PRC. The 11th JEG was held in March 2018, and the 5th NITI Aayog-DRC dialogue was held in Wuhan in November 2019. The 6th India-China SED was held in New Delhi from 7 to 9 September 2019 and the 9th India-China Financial Dialogue took place on 25 September 2019.

29. Some of the other institutionalized dialogue mechanisms between the two countries include the Joint Working Group (JWG) on Trade, JWG on Collaboration in Skill Development and Vocational Education, Joint Working Group on Information and Communication Technology & High-Technology, Joint Study Group and Joint Task Force on Regional Trading Agreement (RTA), and India-China Joint Working Group on Agriculture.

Cultural Relations

30. India-China cultural exchanges date back to many centuries and there is some evidence that conceptual and linguistic exchanges existed in 1500-1000 B.C. between the Shang-Zhou civilization and the ancient Vedic civilization. During first, second and third centuries A.D. several Buddhist pilgrims and scholars traveled to China on the historic "silk route". Kashyapa Matanga and Dharmaratna made the White Horse monastery at Luoyang their abode. Ancient Indian monk-scholars such as Kumarajiva, Bodhidharma and Dharmakshema contributed to the spread of Buddhism in China. Similarly, Chinese pilgrims also undertook journeys to India, the most famous among them being Fa Xian and Xuan Zang.

31. As a mark of the historical civilizational contact between India and China, India constructed a Buddhist temple in Luoyang, Henan Province, inside the White Horse Temple complex which was said to have been built in honour of the Indian monks Kashyapa Matanga and Dharmaratna. The temple was inaugurated in May 2010 by President Pratibha Patil during her visit to China. Besides this, in February 2007, the Xuan Zang memorial was inaugurated at Nalanda. In June 2008, joint stamps were released, one stamp depicting the Mahabodhi temple at Bodhgaya and the other depicting the

White Horse temple at Luoyang. In order to further academic exchanges, a Centre for Indian studies was set up in Peking University in 2003. Chairs of Indian Studies/Hindi have also been established in Shenzhen University, Jinan University, Fudan University, Guangdong University and in Shanghai International Studies University.

32. Indian Bollywood movies were popular in China in the 1960s and 1970s and the popularity is being rekindled in recent times again. India and China have entered into an agreement on co-production of movies, the first of which based on the life of the monk Xuan Zang that hit the theaters in 2016. Many recent Bollywood movies like Three Idiots, Dangal, Secret Superstar, Bajrangi Bhaijan, Hindi Medium, Toilet – Ek Prem Katha and Andhadhun have become super hits in the Chinese boxoffice.

33. Yoga is becoming increasingly popular in China. China was one of the co-sponsors to the UN resolution designating June 21 as the International Day of Yoga. During the visit of Prime Minister Narendra Modi to China in May 2015, a Yoga-Taichi performance in the world heritage site of Temple of Heaven was witnessed by Premier Li Keqiang and the Prime Minister. During the same visit, an agreement was signed to establish a Yoga College in Kunming, Yunnan Province. Since then it has been celebrated on grand scale every year with enthusiastic participation by the Chinese people. In June 2017, a successful Yoga@Great Wall event was organized at the Juyongguan section of the Great Wall. Minister of State for External Affairs Gen. (Dr) VK Singh (Retd) attended the event. Yoga Day celebrations have touched multiple major cities of China such as Wuhan, Qingdao, Guilin, Luoyang etc.

34. The Swami Vivekananda Cultural Centre (SVCC) of Embassy of India, Beijing was inaugurated in August 2018. It runs weekly classes for Music, Dance and Yoga and regularly organizes a variety of cultural activities, including a monthly movie screening.

35. During the Visit of External Affairs Minister Smt Sushma Swaraj to China in April 2018, a major Hindi Conference was organized in Beijing. The Conference was well attended by teachers and students from different Universities of China where Hindi language is taught. SVCC also organizes Hindi Pakhwada event every year to promote study of Hindi language. Various activities like Essay writing, Poetry recitation, Speech competitions are held to engage the Chinese youth in knowing the Hindi language.

36. Presently, the ICCR is administering following Chairs in China: a) Hindi Chair at Shanghai International Studies University, b) Hindi Teacher at Guangdong University of Foreign Studies, c) Hindi Chair at Shenzhen University, d) ICCR Chair of Indian Studies, Chinese University of Hong Kong.

Education Relations

37. India and China signed Education Exchange Programme (EEP) in 2006, which is an umbrella agreement for educational cooperation between the two countries. Under this agreement, government scholarships are awarded to the students , by both the sides, in recognized institutions of higher learning in each other's country. The 25 scholarships awarded by India are offered by Indian Council for Cultural Relations (ICCR) for learning Hindi.

38. Apart from this, Chinese students are also annually awarded scholarships to study Hindi at the Kendriya Hindi Sansthan(KHS), Agra. For the year 2020-21, 6 Chinese students have been selected to study in Agra under this scheme.

39. The Embassy maintains regular communication with MoE in China as well as all universities where there are a sizeable number of Indian students. Further, Embassy officials also visit universities to not only establish direct contact with university authorities but also to interact with the Indian students. Students are encouraged to approach the Embassy in case they are faced with serious problems. The Mission also has a social media account on Wechat for Indian students, with the objective to make it easy for them to reach out to the Embassy as well as to link them to other fellow Indian students studying in different cities of China.

Useful Resources

Website: <https://eoibeijing.gov.in/>

Facebook: www.facebook.com/IndiainChina.EmbassyofIndia.Beijing

Twitter: <https://twitter.com/EOIBeijing>

Instagram: indiainchina

[December 2020]