

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.

Visits of Heads of State/Heads of Government

2. The cumulative outcomes of the exchange of 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 forged a Closer Developmental Partnership that forms the core of our bilateral relationship. 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. During the visit, Prime Minister Modi and Premier Li Keqiang also addressed the opening session of the First State/Provincial Leaders' Forum in Beijing. There were 24

agreements 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 the extension of the e-visa facility for Chinese tourists to India.

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. 2018 witnessed an upward swing in the momentum of 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 two leaders have 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. Last year, PM Modi attended the SCO Summit in Qingdao in June 2018. At a bilateral meeting with President Xi on the sidelines of this Summit, two agreements, relating to provision of hydrological information of the Brahmaputra river, and on phytosanitary requirements for rice exports, were signed. President Xi visited India in October 2016 to participate in the BRICS Summit in Goa.

8. Recently on 13 June 2019, the two leaders met for the first time since the re-election of Prime Minister Modi on the sidelines of the SCO Summit in Bishkek.

Other high level visits and mechanisms

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

10. The Foreign Ministers have been meeting regularly. 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.

11. 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.

12. Foreign Minister Wang Yi 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. The second HLM meeting took place in Beijing on 12 August 2019. EAM Dr. S. Jaishankar co-chaired the meeting with Chinese Foreign Minister Wang Yi. EAM also had bilateral discussions with his counterpart and called on Chinese Vice President, Wang Qishan. 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.

13. Following establishment of the mechanism of Special Representatives (SR) on the India-China Boundary Question in 2003, 21 rounds of talks have been held. The 21st round of talks between Mr. Ajit Doval, National Security

Advisor and Mr. Wang Yi, Foreign Minister was held in Chengdu in November 2018. 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 14th Meeting of WMCC was held July 2019 in Beijing.

14. The 1st reconstituted Strategic Dialogue between Foreign Secretary, Mr. 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.

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. The seventh edition of the bilateral joint military exercise, Hand-in-Hand, was held in December 2018 in Chengdu, with over 100 troops from each side participating. 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.

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 held discussions with Home Minister Sh. 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 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.

Commercial and Economic Relations

19. The trade and economic relationship between India and China has seen a rapid growth in the last few years. Trade volume between the two countries in the beginning of the century, year 2000, stood at US\$ 3 billion. In 2008, bilateral trade reached US\$ 51.8 billion with China replacing the United States as India's largest trading partner in goods. In 2018, bilateral trade reached an all-time high of US\$ 95.54 billion.

20. Of the total bilateral trade volume of US\$ 95.54 billion, India's exports were US\$ 18.84 billion. India was the 7th largest export destination for Chinese products, and the 27th largest exporter to China. India-China trade during the period January to July 2019 stood at US\$53.3 billion. Of the total trade, India's exports to China were US\$10.38 billion (5.02% decline) and China's exports to India were US\$42.92 billion (2.51% decline). India's major export items included cotton, copper and diamonds/ natural gems. Major Chinese exports include machinery, telecom and power-related equipment, organic chemicals, and fertilizers.

21. While India-China trade has grown exponentially, it has also led to the biggest single trade deficit we are running with any country. In 2018, the

widening trade deficit reached to US \$57.86 billion. The issue of trade imbalance and greater market access for Indian pharmaceuticals, IT services, engineering, and agricultural products including rice, sugar, various fruits and vegetables, oil-based meals, meat products as well as cotton yarn and fabric has been taken up by India. The Five Year Development Program for Economic and Trade Cooperation between India and China was adopted during the visit of President Xi to India in September 2014 to address this serious issue and facilitate market access for more Indian products in China. In 2018, market access was achieved for export of Indian Non-Basmati rice, rapeseed meal, fishmeal and fish-oil. In 2019, protocols for market access for Indian tobacco leaves and chilli meal were concluded.

Banking and Investment

22. 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.

23. According to Ministry of Commerce of China, cumulative Chinese investment in India till the end of December 2017 amount to US\$4.747 billion. Chinese investment in Indian start-ups has grown over the years. Cumulative Indian investment in China till September 2017 was US\$ 851.91 million.

24. 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.

25. 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.

Dialogue Mechanisms

26. 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 4th NITI Aayog-DRC dialogue was held in Mumbai on 1 November 2018. Recently, the 6th India-China SED was held in New Delhi from 7 to 9 September 2019. The 9th India-China Financial Dialogue took place on 25 September 2019.

27. 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

28. 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.

29. 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.

30. 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.

31. 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. The year 2018 marked the full membership of India at SCO, and a Yoga event was organized at the SCO Headquarters in Beijing. In the year 2019, Yoga events were organised at landmark locations in Guiyang, Hubei, Henan and Shandong provinces, with a grand closing event held at Beijing which was attended by more than a thousand people.

32. 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.

33. 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 competition are held to engage the Chinese youth in knowing the Hindi language.

34. Presently, the ICCR is administering following Chairs in China: a) Prof. N.C. Lohani, Hindi Chair at Shanghai International Studies University, b) Ms. Kiran Walia, Hindi Teacher at Guangdong University of Foreign Studies, c) Hindi Chair at Shenzhen University (now vacant) , d) Prof. Sanoj Ranjan, ICCR Chair of Indian Studies, Chinese University of Hong Kong.

Education Relations

35. 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 25 students, by both 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). During the visit of Prime Minister Modi to China, both the countries have signed a fresh Education Exchange Programme (EEP) on May 15, 2015, under which Chinese government provides 100 scholarships annually for Indian students to

study in China. The same Agreement provides for enhanced cooperation between institutions in the field of vocational education; collaboration between Institutes of higher learning, etc.

36. Apart from this, Chinese students are also annually awarded scholarships to study Hindi at the Kendriya Hindi Sansthan, Agra to learn Hindi. In the year 2019-20, 6 Chinese students have been selected to study in Agra under this scheme. The cooperation in the education sector between the two sides has resulted in an increase in the number of Indian students in China. At present, there are around 23,000 Indian students studying in various universities in China in various disciplines.

Indian Community

37. Present estimates put the strength of the Indian community in China at around 30,000, a major portion of which comprises of students. A number of Indians and PIOs are also working as professionals with various multinational and Indian companies.

Useful Resources

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