

**SOVEREIGNTY AND BORDER TRADE IN SINO-INDIAN RELATIONS: A CASE
STUDY OF NATHU LA, 2006-2015**

*Dissertation submitted to Jawaharlal Nehru University
in partial fulfilment of the requirement
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MASTER OF PHILOSOPHY

SANGAY LACHENPA



Chinese division
Centre for East Asian Studies
School of International Studies
JAWAHARLAL NEHRU UNIVERSITY
New Delhi 110067
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In memory of my late mother (Am Meetokee)

1961-2017



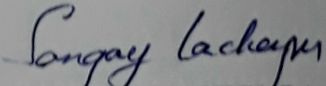
जवाहरलाल नेहरू विश्वविद्यालय
CENTRE FOR EAST ASIAN STUDIES
SCHOOL OF INTERNATIONAL STUDIES
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI- 110 067 (INDIA)

Phone : 91-11-2670 4346
FAX : 91-11-2670 4346

Date: 25th July, 2017

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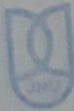
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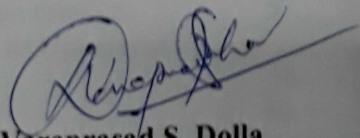

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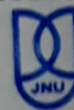
CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.


Prof. Srikanth Kondapalli
CHAIRPERSON, CEAS
School of International Studies
Jawaharlal Nehru University
New Delhi-110067




Prof. Varaprasad S. Dolla
SUPERVISOR



Supervisor
Centre for East Asian Studies
School of International Studies
Jawaharlal Nehru University
New Delhi-110067

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List of Abbreviations

ADB –Asian Development Bank
AIDS –Acquired Immune Deficiency Syndrome
BJP –Bharatiya Janata Party
CBMs –Confidence Building Measures
CPC –Communist Party of China
GWD– Great Western Development Strategy
IR – International Relations
JEG –Joint Economic Group
JSG – Joint Study Group
JWG –Joint Working Group
LAC –Line of Actual Control
MoU –Memorandum of Understanding
NAM –Non Aligned Movement
NDA –The National Democratic Alliance
NIA –National Investigation Agency
NIA– National Investigation Agency
NPT –Nuclear Non-Proliferation Treaty
NSCI-IM– National Socialist Council of Nagaland-Isak Muivah
NSG –Nuclear Suppliers Group
PLA –People’s Liberation Army
PRC– Peoples Republic of China
SCO –Shanghai Cooperation Organisation
SOEs –State-Owned Enterprises
TAR –Tibet Autonomous Region
UK –United Kingdom
ULFA –United Liberation Front of Asom
UN –United Nations
UNCCC– United Nations Climate Change Conference
UPA– United Progressive Alliance
USA– United States of America
WTO –World Trade Organisation

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CHAPTER 1

INTRODUCTION

I. Background to the study

China and India share a huge land border across the Himalayas. With the attainment of India's independence in 1947 and commencement of the Communist Party rule in China in 1949, the two countries have witnessed both cordial and conflictual relations. In the initial period, the two nations shared cordial relations. India became the first non-communist state to recognise Peoples Republic of China. Panchsheel Agreement was signed between the two countries which became a binding document for the future relations. However, by 1960s the relations between the two after a brief period of honeymoon started having tensions. There was a problem of demarcation of borders which led to a brief Sino-Indian war of 1962. Following this the relations between the two hit its all time low. Nathu La which was once a flourishing trade pass was closed down, the Himalayan region was heavily militarised cutting down trade and flow of people from both the sides. The 1988 visit of Rajiv Gandhi-the then Prime Minister of India to China brought about a thaw in the relations between the two.

Today both China and India have come a long way from the shadow of 1962. The bilateral trade has increased by many folds in recent years. Both India and China have many common interests in global forums and politics. However, the border problem still remains to be unsolved which acts as a great hindrance in the Sino-India relations. Both India and China look at these issues with scepticism. China is cautious both in terms of its border with India and also its domestic affairs in Tibet. Tibet after its incorporation into China has been in a hot bed, challenging China's policy and legitimacy in Tibet. Many Western countries have challenged and criticised China's human rights violations in Tibet.

Sovereignty as a concept is relatively new to China. However, China is one of the most vocal proponents and supporters of the concept. The 'Panchsheel Agreement' which stresses upon the traditional notion of sovereignty has always been the guiding principle of China's foreign policy. China criticised the Western notion of humanitarian intervention and on many occasions has abstained from voting in the United Nations (UN) backed intervention. Intervention, China argues, is against the

basic principle of sovereignty which is one of the fundamental tenets in the charter of UN.

Against this backdrop, China and India evolved several confidence building measures. As part of these measures, they began border trade which would facilitate cross border trade. Nathu La was opened in 2006 after 44 years of closure. The opening up of Nathu La was finalised only after China's tacit recognition of Sikkim as an integral part of India and India in turn reiterated Tibet as an integral part of China. The initial enthusiasm of the opening of Nathu La has melted away over the years. The volume of trade has more or less been the same.

There is a wide gap in the development pattern in China. Eastern parts of China are more developed as compared to their counterparts in the west. The opening up of Nathu La will impinge upon the sovereignty as this would boost the development pattern in the hinterlands of China which are backward. The Chinese policy in recent years has aimed at improving economic development which in turn would strengthen its legitimacy.

II. Literature Review

The literature review is divided into three parts. The first section focuses on the concept of sovereignty. The second section highlights China's foreign policy vis-a-vis its relations with India. The last section is on border trade and Nathu La.

The Concept of Sovereignty

Sovereignty as a concept has been used in many ways. Different nations interpret and use it differently. As the concept has evolved over a long period of time, its practices and uses have varied from country to country and region to region.

Stephen D. Krasner's article, "Abiding Sovereignty" (2001) posits that there are four kinds of sovereignty: interdependent sovereignty, domestic sovereignty, Westphalian sovereignty and international legal sovereignty. Interdependence sovereignty refers to the ability of states to control movement across their borders. Domestic sovereignty refers to the authority within states and ability to regulate behaviour within the state. Westphalian sovereignty refers to the exclusion of external sources of authority. In

international politics, it refers to the rule of non-intervention. International legal sovereignty refers to the mutual recognition.

David A. Lake's article "The New Sovereignty in International Relations" (2003) views sovereignty as a type of autonomous authority. Sovereignty possesses both an internal and external authority. Internally sovereignty defines the ultimate and highest authority within the state. In the past, monarch was the highest authority or the sovereign, today it can be the head of the government. Externally, sovereignty entails equality and recognition. Classical Realists argue that sovereignty is understood to have arisen out of Treaty of Westphalia in 1648. They note the existence of a supreme authority over a certain territory. Sovereignty implies that each state is independent and that each state is equal. This also implies that sovereignty is absolute; a polity cannot be a partially sovereign. 1970s saw the emergence of economic interdependence and transnational relations, this was seen as constraining and altering the nature of sovereignty. Neorealist challenged the degree of interdependence between states and more importantly they acknowledged the growth of interdependence but argued that it was a product of state choice. The dependency theory posited a structural inequality among states and critiqued the classical view of sovereignty. States were understood as locked into the periphery and core by the functioning of the capitalist world system. Thus they argue dependence was a condition not a choice. Constructivists have emphasised that sovereignty both internal and external is socially constructed. They have challenged the significance that sovereignty was given in international relations. To put it differently, constructivists argue that sovereignty is not exogenous to the system but produced through practice.

Today the concept of sovereignty in the world system is eroding and many argue that contemporary period is in a post-sovereignty phase. Christopher Rudolph in the article "Sovereignty and Territorial Borders in a Global Age" argues that globalisation and changes in the global politics today is not undermining and eroding the fundamental basis of state sovereignty rather it is making and prompting us to look at sovereignty and how it has evolved in response to the changing global context. The state participates in the process of globalisation and multilateralism not out of weakness but out of conscious consideration of the trade offs. It is the expression of choice and authority. The rise of territorial state and nationalism gave a great impetus to the growth and evolution of sovereignty. The rise of nation-state signalled the transfer of

sovereignty from the individual (monarch) to the people or the popular sovereign. This also altered the relationship between sovereign authority and the land. Previously the land was of monarch, now the territory or the land became the imagined land of the collective people. National identity was created as a result and sovereignty was enjoyed by all. The author also argues that after World War Two, policy makers and pundits have acknowledged the necessity of openness to avoid economic catastrophe. This does not undermine the concept of sovereignty, rather it is a state sponsored bargain that one dimension of sovereignty is traded for the interests of the state.

John R. Commons in his article “A Sociological View of Sovereignty” (1899), gives a different dimension of sovereignty. Sovereignty is examined usually from that of philosophy, law or political science. He gives a perspective of sovereignty from a sociological point of view. He remarks that sociologist deals not with the idea of sovereignty but with the concept. The sociologist as such is not concerned with the moral end of the state-with the goal to attain but with the actual qualities. The analysis of the government and its true nature is to be determined. Analysis is necessarily based on evolution and adheres to the line of actual development through history. The author argues that human being is bound and shaped by institutions. These institutions (state, church, political parties etc.) are definite and accepted modes of mutual dealings. As it has been handed from generation to generation, it shapes the human society and individuals.

With the end of Cold War and the collapse of the Soviet Union, the concept of sovereignty evolved further. Under this circumstance, there was a wider conflict between different interpretations of the concept. Allen Carlson’s, “Helping to Keep the Peace: China’s Recent Stance on Sovereignty and Multilateral Intervention” (2004), throws a debate between Chinese perception of sovereignty and contemporary Western perspective of sovereignty. To sum up, he highlights the tension between traditional sovereignty and contemporary practice of intervention. The United Nations authorised intervention has evolved from just peace keeping to peace building and conflict prevention. These developments which were aimed to stop grave human suffering led to a new interpretation of the right to intervene. This principle came in great contrast to the already established sovereignty norms in the International system. China particularly was most vocal critic of intervention in any form. Chinese had categorised such operation as a tool to expand the American hegemony. China has

followed a static policy when dealing with such intervention barring few exceptions. The principle debate is between West and China. The West promoted the idea that international norms such as human rights were higher than sovereignty.

Ren Yue in “Sovereignty in Chinese Foreign Policy: Principles and Practice” (1996) states that ‘Five Principles of Peaceful Coexistence’ have been the cornerstone of Chinese foreign policy. The core principle is mutual respect for sovereignty and territorial integrity. Ren argues that Chinese interpretation of the concept of sovereignty attributes many of the disputes with other nations. China accuses United States of interfering in its domestic affairs and thus infringe upon its sovereignty. China uses the term in its original form to mean ‘state sovereignty’ while Western legalist argue for a ‘post-sovereignty’ era where individual states can no longer claim exclusive sovereignty over matters such as security, trade and human rights. Therefore, China is determined to defend its territory by any means; its government is supreme authority within its territory in its internal affairs including that of human rights.

China’s Foreign Policy and its Relations with India

The 21st Century has often been termed as the Asian century. China and India have emerged as economic powers with huge market.

Zhiqun Zhu’s article, “China-India Relations in the 21st Century: A Critical Inquiry” (2011), brings forward the Sino-Indian relations from recent cooperation such as many high level visits and high level commitment, increasing bilateral trade including opening up of border trade and increasing global cooperation in the areas of common interest. The author also talks about the sources of tension between the two nations such as the legacy of the 1962 war, border issues, trust deficit between the two countries, conflicting interests, third party problem such as Tibet issue, Dalai Lama and Pakistan etc. In spite of all these tensions, the article gives a positive view of the future of the relations between the two nations.

China has always considered geopolitics as a key component of its foreign policy. As such, China had always used Tibet as an important component of its geopolitics. Thierry Mathou’s article, “Tibet and its Neighbours: Moving towards a New Chinese Strategy in the Himalayan Region” (2005), focuses on Chinese government policies in Tibet vis-a-vis its Himalayan neighbours. It focuses on how China intends to

accomplish peaceful environment in the region and how to promote ties between the Tibetan Autonomous Region (TAR) with other Himalayan nations. Tibet being at the hinterland of the Himalayan region occupies a strategic position. The strategy of Chinese government today is to assist China's Go West policy with that of Tibet and to make TAR as the bridge between China and South Asia. Since 2003, China has tried its best to develop good relation with India through Confidence Building Measures (CBMS) in the form of opening up new border trade areas.

Tien-sze Fang's 'Asymmetrical Threat Perceptions in India-China Relations', delineates an understanding of China-India relations through the prism of asymmetry threat perception. The book discusses the issue by taking various interactions between the two countries such as the nuclear dimension, the Tibet issue, the border problem and also its competition at both regional and global level. India, the author argues, is more anxious of the threat from China while China appears less unconcerned about threats from India. As a result, China will be in favour of status quo and will not work in solving the boundary dispute. India, on the other hand, wants final resolution of boundary issue and securing more credible deterrent against China. This asymmetry threat perception has been one of the main drawbacks in Sino-Indian relations.

Border Trade and Nathu La

Kuei-hsiang Hsu's study 'The Impact of Opening up Sikkim's Nathu La on China-India Eastern Border Trade' delineates the issue of Sikkim's sovereignty which has been a source of debate between China and India. The main thrust of the article is that it gives a clear account of the political tug-of-war between China and India regarding the opening of Nathu La, delay in opening process and infrastructure development. The author also argues for the benefit of opening up Nathu La both in terms of development of western regions of China and India's northeast.

Joe Thomas Karackattu's, 'India-China Trade at the Borders: Challenges and Opportunities' (2013), sheds light on the India-China economic relations with a specific focus on trade at the borders. He argues that when topographic contiguity is given between two nations, trade at the borders is important. Trade between India and China currently is conducted through Kolkata port and Shanghai where it takes long time to reach. Alternately distance through Nathu La to China is much shorter. However, he points out that current border trade between the two nations is just a

symbolic gesture. Nathu La, after opening up, has witnessed many problem areas which have resulted in the trade at below par. Joe Thomas argues by taking Liberal School paradigm that trade and commerce between China and India will bring about peace. Moreover, opening up of these areas for border trade will benefit both China and India to develop the backward areas of both the nations and gives impetus to China's Western Development Goals and India's Look East Policy.

'Looking at Nathu La through the Security Prism' by Binoda K Mishra in *Sikkim's Tryst with Nathu La: What Awaits India's East and Northeast?(2014)* sheds light on the issue that Nathu La not only holds importance in terms of economy but has great implications for the future of China-India relations. He argues that opening up of Nathu la has not only economic but also strategic implications. But the enthusiasm of opening up the border pass has not been reflected in the volume of trade. There is a marked difference between the ground reality and at the national (centre) level.

The study also brings critical gaps in the literature. The literature on border trade and Nathu La has been confined mostly to economy and trade. The literature on border trade and its impact on sovereignty are quite limited. The study will therefore contribute to addressing this in the existing literature gap.

III. Definition, Rationale and Scope of the study

The research rationale comprises of two main issues- sovereignty and foreign policy. The former is viewed from the prism of traditional notion of sovereignty i.e. non interference in the domestic affairs, mutual cooperation and respect for each other. The study would endeavour to understand China's foreign policy through the lens of traditional notion of sovereignty. Secondly, it delineates the relations between China and India through the prism of sovereignty issues. The opening up of Nathu La- the pass which connects China and India provides a new dimension to the border dispute between the two nations. It acts as a confidence building measure in what otherwise is a hostile zone.

Sovereignty being one of the core issues of China's foreign policy, the rationale of the research is to map the strategy and policy that China has followed to maintain its sovereign identity. Western countries have been challenging the notion of traditional sovereignty as advocated by China and India. The scope of research also lies in the

form that it endeavours to study different notions of sovereignty, how the West looks at it and how developing countries view it. The study is not on sovereignty as a concept per se but its role in promoting border trade in the Sino-Indian relations.

Keeping in mind the limited time for the writing the dissertation and the recent opening up of Nathu La after a gap of 44 years, the time period chosen for the study is from 2006 to 2015. The year 2006 marked the opening up of border trade through Nathu La and Memorandum on Understanding on the expansion of border trade was signed between India and China. The year 2015 completes one decade of opening up of Nathu La and also the 18th Round of Border talks which marks the first shot at border talks and resolution under the NDA government.

IV. Research Questions

1. How do China and India interpret the concept of sovereignty? Is it different from the contemporary Western interpretation of the concept?
2. What effect does the concept have on the trajectories of Chinese and India foreign policies?
3. How does the concept of sovereignty determine China's policy behaviour with India in the larger light of boundary and territorial disputes?
4. To what degree has the opening up of Nathu La in 2006 cemented the trust and confidence between the two states?
5. What are the implications of opening up Nathu La apart from trade?

V. Hypotheses

1. The concept of sovereignty besides being central to China's foreign policy in general and its relations with India in particular has been shaping the dynamics between the two countries.
2. The opening up of Nathu La as a confidence building measure has limited impact on solving the border issue between India and China.

VI. Methodology

The study employs qualitative method of inquiry. The research is based on both primary and secondary sources. Primary sources include field interview and discussions, and white papers such as joint statements and speeches. Secondary

sources include available books, journals, research papers, publications, and newspapers articles.

The Chinese perception of sovereignty or the traditional notion of sovereignty is taken as the independent variable. The foreign policy of China and its relations with India based on geopolitical and geostrategic context are dependent variables. The opening up of Nathu La in 2006 which looks at both the concept of sovereignty and Sino-India relation is the intervening variable.

VII. Chapterization

The first Chapter highlights the background to the study besides literature review, definition, rationale and scope of the study, research questions, hypotheses, methodology and chapterization.

The second Chapter delineates the various issues and theoretical base of the concept of sovereignty. The first section of the chapter examines the theoretical base of the concept of the sovereignty, the evolution of the concept of sovereignty and also the general tenets of the concept. The second section assesses the debates in International Relations (IR) vis-a-vis the concept of sovereignty and how each IR theorists look at the concept of sovereignty and how it functions every day. The third section of the chapter explicates the larger picture of how the contemporary Western countries and the developing countries like China and India look and perceive the concept of sovereignty. The last section of the chapter looks at the Sino-Indian relations by juxtaposing their views on the concept of sovereignty.

The third Chapter is divided into three sections. As a continuation from the previous chapter, the first section delineates the Sino-Indian relations in the last twenty-five years. Why the last twenty-five years is because after the Sino-Indian 1962 border skirmishes, bilateral relations had suffered. Borders were closed and high level visits were few or rather non-existent. It was only after 1988 the Sino-Indian relations saw a new phase and from that period, the relations became very dynamic and there were many high level visits and interactions.

Despite these interactions and goodwill gestures and most importantly, improvement in bilateral trade, the core issues of border problems and territorial disputes have not been solved as yet. Many analysts have taken the economic activity as one of the

elements to counter the tensions at the borders. In this context, the second section posits the trade and issues of sovereignty. The concept and theoretical basis of economic ties with a focus on Complex Interdependence has been considered to understand the Sino-Indian bilateral trade and then the theory of Neo-realism has been taken as a base to counter the arguments put forward by the theory of Complex Interdependence. The enthusiasm in bilateral trade has not really facilitated the solving of the border problems. This has been argued through the prism of Neo-realism.

The border tensions and territorial disputes due to the huge complexities involved and the dangers of escalation have compelled India and China to come out with institutions and various Confidence Building Measures (CBMs). One of these has been the opening up of border trade. The final section of the chapter explicates these aspects. The Sino-Indian border trade policies and agreements signed will be discussed. The Lipulekh Pass and Shipki La Pass and their opening will also be briefly discussed here.

The fourth Chapter examines the case study of Nathu La through a historic prism, reopening and its impact upon the larger border talks and resolutions. How the Nathu La Pass and the subsequent trade through it have a larger impact upon the sovereignty issues between the two countries.

The geographical location and an historical background of the Nathu La are part of the fourth chapter. Nathu La pass was a closed following the Sino-Indian War of 1962 and it was opened only in 2006. The second section delineates the diplomatic procedures leading to the opening up of Nathu La in 2006. The opening up of Nathu La in 2006 had a diverse impact on both India and China. The third section examines the impact of opening up of Nathu La on both sides of border i.e China and India respectively. Since Nathu La was opened as one of the CBMs in border talks and resolutions, the fourth section explicates the implications of opening up of Nathu La for the border disputes and border negotiations.

The fifth Chapter posits the conclusion part of the study. The study focuses on the core concept of state sovereignty. China and India share a huge land boundary and as such there is a border conflict between the two countries. This problem has acted as a huge drawback in the Sino-Indian relations. Border trade was opened between the two

states as Confidence Building Measures (CBMs) under the larger framework of institutional mechanisms for border resolutions. Nathu La was opened as the third border trading point in 2006. Though, opening up of Nathu La showed an initial euphoria of excitement both in terms of trade and in terms of solving the border issue, it failed to deliver its larger objective of boundary resolution. The larger political aim of opening up of Nathu La remained only a chimera.

CHAPTER 2

SOVEREIGNTY IN CHINESE AND INDIAN FOREIGN POLICY

I. INTRODUCTION

This Chapter will look into the various facets of the concept of sovereignty with a focus on both the Western, Chinese and Indian approaches. As the concept of sovereignty is used in varied ways, its definition and meaning is still evolving. There is a tendency that countries used it in their own way to suit its national interest. The developing and developed countries have seen two distinct evolutions of the concept of sovereignty. It has been argued that developed Western nations have moved beyond the concept of sovereignty and are in post-sovereignty phase whereas developing countries who have recently gained independence are still sticking to the traditional Westphalian sovereignty. Apart from the debates and views among the developed and developing countries, there is considerable debate in International Relations (IR). Each school in IR defines and views the concept of sovereignty based on its own methodological assumptions.

The concept of sovereignty is a significant component in Sino-Indian relations. As both China and India have their own way of looking at the concept of sovereignty and as there are areas where conflicts have arisen due to differences in interpretation and this difference has acted as a key factor in foreign policy architecture of both China and India. The relations between China and India have been shaped mostly by the sovereignty issue. The Panchsheel Agreement which has given rise to the discourse on Sino-Indian relations talks mostly in terms of the Westphalian sovereignty.

Against this backdrop, the chapter highlights the various issues and theoretical framework of the concept of sovereignty. The first section of the chapter examines the theoretical base of the concept of the sovereignty, the general evolution of the concept of sovereignty and also the general tenets of the concept. The second section deals with the debates in International Relations (IR) vis-a-vis the concept of sovereignty and how each IR theorists look at the concept of sovereignty and how it functions every day. The third section of the chapter delineates the larger picture of how the contemporary Western countries and the developing countries like China and India

look and perceive the concept of sovereignty. The last section of the chapter looks at the Sino-Indian relations by juxtaposing the concept of sovereignty.

II. SOVEREIGNTY AS A CONCEPT

In the contemporary international system, the concept of sovereignty has occupied a central place. It has also attracted the attention of a huge pool of scholars. Apart from its definition being an ambiguous one, the concept is at the centre of a debate. The concept of sovereignty has been evolving over a period of time. As a result, numbers of school of thoughts have emerged. One school has advocated that the concept of sovereignty is slowly withering away due to new trends in international system such as globalisation, the other hand camp of scholars has advocated that the concept is not losing its importance and it has rather become even more significant. Some have pointed out that state authority has increased over time, while others argue that the ability of state to exercise effective control is eroding. This is also because the term 'sovereignty' has been used in different ways.

As the meaning of sovereignty is an ambiguous one, one of the ways of looking at the meaning of sovereignty is to look at how it is constructed differently in the major sub-disciplines. As Raia Prokhovnik observes: political theory, international relations theory, security studies and international law focus on different clusters of features and employ a different mode of arguments—different mixtures of explanatory, descriptive, conceptual normative, functional arguments, critique and deconstruction (Prokhovnik 2007: 9). In the contemporary global system, the concept of sovereignty is debated within the three larger frameworks. The first is the globalisation: the advent of globalisation contributed to the idea that the concept of sovereignty was in the state of redundancy due to the effects of economic and political globalisation. Many writings and scholars came to the conclusion that the nation-state which worked on the premise of sovereignty was slowly getting eroded due to the new phenomena of cosmopolitanism and global villages which spread across nations' borders. The second framework is within the theoretical framework of International Relations and International Law theories (Prokhovnik 2007: 7). Critical of Realist assumptions which worked on the premise of sovereign state at the core of its arguments, new theories emerged which critiqued the Realist understanding of state. The third

framework is within the debates of political theory. The Marxist and post-Marxist framework which had a dislike to the state power, views sovereignty as a political power which was aligned to a particular economic interest.

According to Stephen D. Krasner, the term sovereignty has been commonly used in four different ways—domestic sovereignty, interdependence sovereignty, international legal sovereignty and Westphalian sovereignty. By domestic sovereignty, he refers to the organisation of public authority within a state and to the level of effective control exercised by those holding authority (Krasner 1999: 9). The intellectual history of the term sovereignty has been closely associated with domestic sovereignty. The writings of Jean Bodin and Hobbes were influenced by a desire to have a final source of authority within a state which would have a legitimate authority. The later debates on sovereignty from Locke to Rousseau to Mill, to Marx have centred on the notion of who would be the one final source of authority. However, all these works have focused on the organisation within the state. Authority may be concentrated in the hands of one individual, as Bodin and Hobbes advocated or divided among many institutions like it is in the case of United States of America (Krasner 1999: 11). In current global system there can be federal polity or unitary polity. The domestic sovereignty or the organisation of authority within the state does not necessarily relate to international legal sovereignty or Westphalian sovereignty. Whether the polity is operating in a parliamentary or presidential, monarchical or republic, authoritarian or democratic polity, the leaders either elected or nominated may or may not, might or might not, be able to control developments within the territorial state such as: minimize corruption, control drug use, control crime etc. or regulate and collect taxes or to control its law and order. However, the state with limited domestic control and influence could still have a complete international legal sovereignty. It would still be recognised as juridically equal and would still possess the full voting rights in the international organisations (Krasner 1999: 11).

By interdependence sovereignty, Krasner refers to the ability of public authorities to control transborder movements (Krasner 1999: 9). He argues that those analysts who believe that state sovereignty is being eroded by globalisation are concerned fundamentally with the question of control and not authority (Thomson 1995: 216). The inability to regulate the flow of goods, persons, pollutants, diseases and ideas across territorial boundaries has been described as a loss of sovereignty. Richard

Cooper argues that in a world of large open capital market, smaller states are not able to control their own monetary policies because they could not control the transborder movements of capital. James Rosenau in his work “Turbulence in World Politics” argues that the basic nature of the international system is changing. The scope of activities over which states can effectively exercise control is declining. New issues have emerged such as atmospheric pollution, terrorism, the drug trade, currency crisis and AIDS, which are product of interdependence and which are transnational rather than national. States cannot provide solutions to these issues (Rosenau 1990: 13). A loss of interdependence sovereignty undermines domestic sovereignty. If the state fails control what passes across its borders, it will not be able to regulate what happens within it. However, interdependence sovereignty is not logically or practically related to international legal sovereignty or Westphalian sovereignty. A state can be recognised as a juridical equal by other states but still be unable to control movements across its borders. Un-regulated transborder movement does not mean that it is subject to external structures of authority (Krasner 1999: 11).

The third meaning of sovereignty which Krasner refers to is the international legal sovereignty. This can also be termed as the mutual recognition of states and is mostly concerned with establishing the status of entity within the international system (Krasner 1999: 9). Many questions arise here when we talk of international legal sovereignty such as: Is the state recognised by other states? Is it accepted as a juridical equal? Are its representatives entitled to diplomatic immunity? Can it be a member of an international organisation? Can its members enter into any treaties or agreements? etc. This is the concept which is used mostly in international legal scholarship and which is also employed by scholars and practitioners of international relations. All the rulers and leaders have sought international legal sovereignty and recognition by other states. This is because it provides them with both material and normative resources. All recognised states have juridical equality and this can be considered as a ticket to the international arena (Krasner 1999: 16). Recognised states have the power to enter into any treaty and it becomes operative even when the governments change.

The fourth way of understanding sovereignty is through the framework of Westphalian sovereignty model. This is based on an institutional arrangement for organising political life which follows from two principles—territoriality and the exclusion of external actors from domestic authority structure. Rulers are constrained

by many external factors and yet they are free to choose the institutions and policies which they regard as their optimal best. Domestic sovereignty and authority structures are infiltrated through both coercive and voluntary actions. In contemporary politics domestic sovereignty has been hampered through interventions and at times also through invitations. The rulers and actors can use material capabilities to dictate and coerce the target state and bring about changes in them violating the rule of non-intervention in the internal affairs. The general conception today of the sovereignty as a concept dates back to the Treaty of Westphalia signed in 1648. However, the 128 clauses of the document do not explicitly give any general principle of 'Sovereignty'. It deals with number of provisions with details of ending the Thirty Years' War. It was a "Peace Treaty between the Holy Roman Emperor and the King of France and their Respective Allies". This was a function of handing of power from the emperor who ruled with his legitimacy of divine rights, to number of kings and lords who enjoyed local dominance. As years went by, this developed into the notion of the absolute rights of the sovereign, and what we know today as "Westphalian sovereignty". As stated above the norm of non-intervention in internal affairs had virtually nothing to do with the Peace of Westphalia. It was not clearly articulated until the end of the eighteenth century. However, though it is historically incorrect, the common terminology has entered into the lexicon.

The fundamental norm of Westphalian sovereignty is that state has a specific territory and that the domestic political authorities have the legitimate power and authority over the territories and political behaviour within the state. Krasner points out that in recent years a number of analysts have used this Westphalian model as a bench mark to assert that the character of the international system is changing in some fundamental ways (Krasner 1999: 23).

Meaning of the Sovereignty: General Features

When we look into the meaning of sovereignty from a general point of view, we see that each theory of sovereignty gives and attributes different meanings to sovereignty which has their own frameworks. Each of these theories provides its own perspective through logical reasoning. Each theory includes one condition of sovereignty and it is seen that no single theory includes all the conditions of sovereignty in its ambit. Thus we see that the idea of sovereignty varies across the different conceptions of analysis

and theorists. The general features of sovereignty cover a wide range of subjects and are related to politics, including government, law, state theory, international relations, ethics, defence, diplomacy, security studies and policing (Prokhovnik 2007: 11).

Raia Prokhovnik in his book *Contemporary Theory and Practice* suggests that, for Hobbes sovereignty is a hypothetical single, meaningful, performance. For Locke, it is the technical requirements and for Rousseau it is an ongoing activity rather than a thing. For Schmitt sovereignty is again a performance, invoked in the decision to acknowledge an exception, while for Foucault it is a dead letter and a false alibi (Prokhovnik 2007: 15).

The general perception today is that the concept of sovereignty as it is thought is particularly its core of monopoly of power at the highest level of authority and its feature of nation-state began with the Treaty of Westphalia of 1648 (Jackson 2008: 8), though the 128 clauses of the document only contain the minutes of ending the Thirty Years' War which restored properties to various feudal entities within their territories. It is hard to surmise from these any general principle of "sovereignty". As time passed, this developed into notions of the absolute rights of the sovereign and what we call "Westphalian sovereignty" (Jackson 2008: 8).

Richard N. Haass, former United States diplomat and policy planner has defined the concept and he remarks, "Historically, sovereignty has been associated with four main characteristics: First, a sovereign state is one that enjoys supreme political authority and monopoly over the legitimate use of force within its territory. Second, it is capable of regulating movements across its borders. Third, it can make its foreign policy choices freely. Finally, it is recognized by other governments as an independent entity entitled to freedom from external intervention. These components of sovereignty were never absolute, but together they offered a predictable foundation for world order."¹

The general features of sovereignty flow mostly and broadly from the preceding two explanations. In the mainstream political theory discourse, the general features of sovereignty include: "the authority relationship between rulers and ruled, sovereignty

¹ R.N. Haass is the former ambassador and director of Policy Planning Staff, US Department of State, 'Sovereignty: Existing Rights, Evolving Responsibilities', Remarks at the School of Foreign Service, Georgetown University, available at <http://www.state.gov/s/p/rem/2003/16648.htm>

as a recognition concept, relying upon the recognition of others to be established; sovereignty as a regulative ideal establishing political stability; sovereignty as a way of designating the 'whole' realm of political unit; sovereignty as functional rather than territorial; and modern sovereignty establishing a modern constitutional state but also possibly overridden by constitution" (Prokhovnik 2003: 15). In international law and legal framework, the concept of sovereignty focuses on the concept of self government where it can make laws and it is the highest legal authority and which takes commands from none. In international relations discourse, the idea of sovereignty is associated with the idea of fixed and bounded territory; territory as marking the border between internal and external sovereignty. State has the monopoly within its internal territory and externally to declare war, conduct treaties, alliances, make peace and equal voting rights and to join any international organisation.

III. Concept of Sovereignty in Contemporary International Relations debates

When the concept of sovereignty is brought to international relations, it has become an important variant within the subject because it would be impossible to explain statehood without bringing in the concept of sovereignty. If we consider how international relations theorists provide an account of the sovereignty concept, we can broadly categorise them into two camps. Cynthia Weber, points out within the tradition of Realism one camp takes individual sovereign states as its point of departure. The other camp gives an account from within the tradition of idealism which takes community of sovereign states as its point of departure (Weber 1995: 1). In any case sovereignty serves as the fundamental point of reference. However, if we look at the debates in international relations literature, the definition and meaning of sovereignty rather look fuzzy. In general terms, sovereignty is taken to mean the absolute authority a state holds over a territory and people as well as independence internationally and recognition by other sovereign states as a sovereign state (Weber 1995: 1). However, if one is confronted with the precise and specific meaning of sovereignty then the problem of the meaning of sovereignty arises.

In contemporary international relations debates, it has become a common norm among the International Relations theorists to examine how the concept functions in International Relations rather than looking at the precise meaning of sovereignty.

Before going into the details of the debates within the different strands of international relations theorists, it becomes important to make a distinction between internal and external categorisation of sovereignty. The emergence of state system led to a specific categorisation of what is counted as internal and what is external. According to Prokhovnik, an argument taken from Rob Walker, political theory deals with the internal sovereignty and international relations deals with the external sovereignty. Internal sovereignty is aimed at establishing order at home and external sovereignty supposedly aimed at balancing anarchy abroad. The functions of sovereignty internally are to enact law as supreme authority and to govern competently. The functions of sovereignty externally in the early modern period were for autonomous and bounded polities as states in territorialised space to exchange ambassadors, regulate trade, make treaties and alliances, and to wage war in a paradigm of international relations as a struggle for power (Prokhovnik 2007: 38,39).

State-centric theories, which have dominated international relations, are built on the assumption that states are, by definition, sovereign. The point of theorizing is to understand, explain, and predict international outcomes resulting from interactions among already existing sovereign entities i.e. states. This has been the starting point for Classical Realist perspective. For Classical Realists, sovereignty is understood as a practical matter to have arisen in and around the Treaty of Westphalia (1648), which ended the Thirty-Year War, and to denote the existence of a supreme authority over a certain territory (Lake 2003: 305). Externally, sovereignty implies that each state is independent, with no authority above the state, and that each state is formally equal among all the sovereign states in the international system. David A. Lake in, "The New Sovereignty in International Relations", points out that if sovereignty is seen from this perspective then sovereignty is clearly an absolute concept. A polity is either or is not sovereign, is either or is not independent and either is or is not equal. A polity cannot be little bit sovereign (Lake 2003: 306). In a realist tradition, states are regarded as being essentially self-interested and self-regarding. States by their nature are power, security and wealth seeking in their relations with other states in international system (Prokhovnik 2007: 7). As world system moved from unit to system level analysis, there was also a shift in Realist paradigm. Neorealist focused more on anarchy in international politics and structure within.

Kenneth Waltz in his work “Theory of International Politics” provides a structural analysis of anarchy. He distinguishes between the hierarchic realm of domestic politics and the anarchic realm of international politics. Waltz notes that international structures are defined in terms of the primary political units of an era, be they city states, empires or nations and that states are not and never have been the only international actors (Waltz 1979: 91,93). But then structures are defined not by all of the actors that flourish within them but by major ones. Waltz concludes: “so long as the major states are the major actors, the structure of international politics is defined in terms of them” (Waltz 1979: 94). Thus we see that even if states are sovereign, the structure of international politics which is dominated by major powers constrains them, so they are largely ignored in international system.

When Waltz’s classical perspective was being expounded, there were two other major intellectual frameworks which rose to prominence. In 1970s, economic interdependence and transnational relations were seen as tightly constraining and changing the state sovereignty. Charles Kindleberger (1969: 207) suggested that, “the nation state is just about through as an economic unit”. If we had to deconstruct these words, it means that the concept of nation-states is no longer an important aspect or a defining force in IR. This is because of the economic interdependence and global trade. Neorealist challenged the degree of interdependence between states and more importantly, they acknowledged the growth of interdependence but they argued that it was ultimately a product of state’s choice (Lake 2003: 306). Interdependence as a policy choice became not a constraint on sovereignty but, instead an expression of that very sovereignty. The second intellectual discourse during this period is the emergence the dependency theory. Emmanuel Wallerstein in 1979, posited a structural condition of inequality among states, as a more fundamental critique of classical view of sovereignty. States were understood as being locked into the periphery and core due to the functioning of the capitalist world economy. Dependency was a condition and not a choice (Lake 2003: 307). This view was explicitly based on the structure of power and unequal market process rather than on authority. However, capitalism and the inequality that followed afterwards made it apparent that power and authority became synonymous. Dependency theory was not successful as it was crippled and falsified by the success of East Asian economy as they escaped from periphery and prospered.

Thereafter, Constructivism has problematised several key concepts in international relations including sovereignty. Constructivists have targeted the classical view on sovereignty as something static and given. Constructivists have emphasized that sovereignty in both its internal and external faces is a socially constructed trait (Lake 2003: 308). Although sovereignty and especially anarchy were once taken as givens of international relations, they are now more usefully understood as what John Searle (1995: 7) calls “social facts”, and what Alexander Wendt (1999: 1) calls “social kinds” that is, social constructs that are produced through and reproduced through the practice of states. Therefore, we see sovereignty is not exogenous to the system but produced through practice. The central theme and interpretation of constructivists that sovereignty comes from “some place” is heavily influenced by social norms and practices. Wendt (1999: 18) argues that anarchy or sovereignty does not necessarily imply a Hobbesian state of nature which works in self help and in self interest which results in security dilemma just like what Neorealist had formulated. It also contains alternative Lockean anarchy of self restrained egoism and Kantian possibilities of collective security (Wendt 1999: 18).

Contemporary Western Perspective on the Concept of Sovereignty

Different nations interpret sovereignty differently. As the concept has evolved over a long period of time, its practices and uses have varied from country to country and region to region. With the end of the Cold War and apparent victory of the United States, many scholars saw a new era in international politics. The United States became the super power and as world moved into a uni-polar world for certain period after Cold War. Though the concept of sovereignty in classical definition has developed in the ‘West’², the Western countries have moved beyond the classical definition of sovereignty. Many Western scholars today argue that the classical definition of sovereignty has become out of date and other international norms have become more important than sovereignty. World leaders, while still recognising the importance of some attributes of the concept, have also raised some critical attributes of the concept. In 1992, the then United Nations Secretary-General Boutros Boutros-Ghali stated in his report to the Security Council: “Respect for (the state’s) fundamental sovereignty and integrity is crucial to any common international progress. The time of absolute and exclusive sovereignty, however, has passed; its theory was

²‘West’ refers to the Western European countries and its allies headed by United States.

never matched by reality (United Nations, 1992).” The UN Secretary General Kofi Annan introduced his 1999 annual report to the General Assembly by noting that: "our post-war institutions were built for an *inter-national* world, but we now live in a *global* world.” Secretary-General Annan then expressed impatience with traditional notions of sovereignty: “A global era requires global engagement. If States bent on criminal behaviour know that frontiers are not the absolute defence; if they know that the Security Council will take action to halt crimes against humanity, then they will not embark on such a course of action in expectation of sovereign impunity. If the collective conscience of humanity—a conscience which abhors cruelty, renounces injustice and seeks peace for all peoples—cannot find in the United Nations its greatest tribunal, there is a grave danger that it will look elsewhere for peace and for justice. Any such evolution in our understanding of State sovereignty and individual sovereignty will, in some quarters, be met with distrust, scepticism, and even hostility. But it is an evolution that we should welcome (United Nations, 1999).”

The grave sufferings, killing and atrocities on human beings have led to the development of new norms of humanitarian intervention in international politics. The development of weapons of mass destruction, genocide, failed states pose an extreme conceptual problem to the classic notion of sovereignty. These problems have led to many systemic changes and posed conceptual challenge to the concept of sovereignty. The terms such as post-sovereignty have been doing the rounds. The right to intervene in domestic affairs of sovereign states taking the excuses of human rights have become not only a norm but also a practice today. International communities’ right to intervene has grown over the years.

These developments have conceptual repercussions on the international relations and on sovereignty as a whole. Traditional or classical sovereignty stresses on the individual sovereign or the principle of individual equality. The development of new norms has led to the development of community of sovereign nations wherein world has become a kind of global village each taking the responsibility of protecting each other. The principal idea of non-interference which is closely linked to the idea of sovereignty is clearly challenged here. This new discourse on sovereignty has led to sovereignty-intervention dynamics and ushered a new debate on sovereignty.

Intervention practices have raised question about the concept of sovereignty but if one looks from another angle, intervention also acts as one of the factors for stabilising the

sovereignty. In global political discourse intervention poses challenge to the issue of sovereignty. Intervention logically challenges the very essence and legitimacy of state's sovereignty. R. J. Vincent defines intervention as a violation of norm of non-intervention. He argues that, "activity undertaken by a state, a group within a state, a group of states or an international organ which interferes coercively in the domestic affairs of another state. It is a discrete event having a beginning and an end, and it is aimed at the authority structure of the target state. It is not necessarily lawful or unlawful, but it does break a conventional pattern of international relations" (Vincent 1974: 13).

Human Rights norms and conventions have also altered the classical notion of sovereignty. In the immediate post-war and post-Cold war period, the notion and norm of human rights became very important and one of the key aspects of development in global politics. Many countries and rulers signed and endorsed the human rights conventions and norms. Though the true reasons of signing and endorsing these norms and conventions can be challenged, it was clear that these were a cognitive script that defined the appropriate behaviour of a modern state. Each democratic state was under the structural script which was endorsed by the Western countries. This undermined the essence of traditional notion of sovereignty. Though Stephen Krasner argues that these did not undermine the Westphalian sovereignty, he remarks: "none of the human rights accords (norms and conventions) violate the international legal concept of sovereignty. They are all conventions that are entered into voluntarily and in which the behaviour of one signatory is not contingent on that of others. The accord can, but does not necessarily, compromise Westphalian sovereignty by providing external legitimation for certain domestic practices involving relations between ruled and rulers" (Krasner 1999: 113). However, we have seen that human rights monitoring and enforcement programmes infringe on the notion of sovereignty. There are incidents where individuals have brought complaints against their own governments, which have led to policy changes within the domestic sphere. The European Human Rights regime can be illustrated as one of the best examples.

Taking these concepts and developments further the Western countries especially headed by the United States have intervened in many states across the globe. Following 9/11 attack on Twin Towers, the US has intervened in many countries in its

policy of war on terrorism. The policies of pre-emptive warfare to combat the proliferation of weapons of mass destruction have also given the United States, the excuse and legitimacy to intervene in domestic affairs of other states.

In the Western world today we see the dominance of Neoliberal ideas. The idea of interdependence is very much there. In the age where world is connected via many modern technologies and each action of the policies in its domestic spheres have profound impact across its borders. The idea of economic blockade has been practised by the Western countries and this has undermined the essence of traditional sovereignty.

Sovereignty: Chinese Perspective

Chinese foreign policy principles and guidelines have almost remained unchanged for the last few decades (Yue 1996: 153). What Zhou Enlai said at the first anniversary of the Peoples Republic of China (PRC) is still being practised and followed by current Chinese foreign policy makers. Zhou pointed out that the principle aim of PRC's foreign policy was to ensure the country's independence, freedom and the integrity of territorial sovereignty (Zhou 1981: 20). A couple of years later PRC came out with the framework of "Five Principles of Peaceful Co-existence". This became a major guideline for its foreign policy. "Panchsheel" or the Five Principles of Peaceful Co-existence were first formally enunciated on April 29, 1954. The preamble of the 'Panchsheel' states—mutual respect for each other's territorial integrity and sovereignty, mutual non-aggression, mutual non-interference, equality and mutual benefit and peaceful co-existence³. When Zhou Enlai visited India, the vision and framework of Panchsheel was expanded to not only bilateral relations between India and China but also for their relations with other countries. Mutual respect for sovereignty is always held in high esteem by China.

Besides the Five Principles of Peaceful Existence, several other principles are included. According to Yue, China's territorial integrity is not a subject matter to be negotiated. China is determined to defend its perception of its territory by any means. The Chinese government is the supreme authority in its territory and it takes utmost responsibility in conducting its domestic/internal affairs and that includes China's

³ Government of India, *Panchsheel*, Ministry of External Affairs, New Delhi. Accessed 11 Jan. 2017 URL: http://www.mea.gov.in/Uploads/PublicationDocs/191_panchsheel.pdf

human rights record. The PRC considers this as falling within its domestic jurisdiction and no external forces or any organisation has any power to criticise or make any intervention. Finally, every nation large or small, strong or weak, rich or poor, has equal sovereignty in the community of nations. No nation has the right to bully others and force them to accept its own value system (Yue 1996: 153).

It is interesting to note here that the concept of equal sovereign states was developed by the Western nations. Today China is the fiercest and staunchest defender of that concept. For China, the theory of equal sovereign state is relatively new. For centuries China and its rulers had been following the concept of Tribute System wherein the world for them was divided into the core and periphery. China or the 'Zhongguo' or the middle kingdom depicted them. They were considered to be in the middle and were seen as being superior and those outside were considered inferior and barbarians. Ren Yue argues that, "the 'one-hundred year humiliation' since the Opium War in 1840 gradually shattered their feelings of superiority". The changes in the thinking of Chinese minds came about after the 1911 revolution and since the establishment of the People's Republic of China. It is apparently clear now that the hierarchical order between countries has largely been abandoned by Beijing at least in its declared policies.

Chinese adherence to the strict Westphalian sovereignty flows from its long drawn historical events. Over the last two centuries starting from the First Opium War in 1839 to the fall of the last dynasty to the establishment of Chinese Communist Party, China had used its defence of sovereignty to strengthen its nationalist credentials and to advance its state-building process.

The Chinese government's classical usage of the term 'sovereignty' means the supreme power of state. Mutual respect for state sovereignty as stressed before was at the very core of China's foreign policy. The Chinese perspective of state sovereignty is very much similar to the perspective of developing countries. These countries which have recently gained independence attach considerable importance to the state sovereignty. They believe that sovereignty is one of the fundamental principles of international relations and its violation by any nation requires condemnation by the community of nations. These policies also flow from the point that these nations were newly independent states and they were afraid of losing their hard fought sovereignty

and independence in the global struggle for power between the two super powers in the midst of Cold War. They argue that any foreign intervention, even if for humanitarian intervention is a violation of international law (Wheeler 2003: 206). It also becomes clear that Chinese and developing countries' perspective on sovereignty refers to legitimacy of the national government's power over its own territory.

China had always been insistent with absolute state sovereignty in dealing with its conduct within international arena. Chinese leaders always stress upon sound state-to-state relations which can be established and developed only when countries, in recognition of the diversity of the world, observe such norms governing international relations as, mutual respect for sovereignty and territorial integrity (Yue 1996: 153). For example, in almost every diplomatic communiqué Beijing signs with another nation it includes a clause that recognises the PRC's sovereignty over Taiwan, though Taiwan has never been administered by Beijing. As far as territorial disputes are concerned, the Chinese leaders had always been careful and defensive towards anything that it sees will put its territory in danger. This policy and attitude had landed China in disputes with almost every country sharing its border. China had always legitimized its borders disputes and war with the argument that their territorial integrity had been infringed upon.

However, in this era of globalisation there has been a growing acceptance of interdependence. With the opening up of Chinese economy following the reforms led by Deng Xiaoping's opening up policy in 1980s, there has been a slight change in the meaning of national interest. Today more importance is given to economic reforms despite concerns of it being a 'double edged sword'. Many Chinese analysts believe and stress that traditional, exclusive notion of state sovereignty should be made subordinate to advancing Chinese overall interest that is the economic interest (Gill and Reilly 2000: 43). Yan Xuetong in his work argues that: "sovereignty is not synonymous with national interest anymore, rather it should be subject to overall national interest, not protected at all costs" (Yan 2002: 217). Growing number of Chinese scholars recognise that enhancing comprehensive Chinese national goals requires integrating with international society.

Even though as pointed out China is opening up and integrating with the international society at large, yet 'One-China' policy remains at the core of its foreign policy

foundation and one of the principles guiding its foreign policy. When analysing China's stand on sovereignty, it would be best understood through its foreign policy practices. The Taiwan issue clearly points to China's stand on sovereignty. Jiang Zemin claims that, "this (Taiwan issue) is an issue of vital importance with the bearing on China's sovereignty, territorial integrity, national unity and the national sentiments of the Chinese people."⁴ The interpretation of sovereignty resulted in many problems and crises in relation with other countries. United States and China still have problems due to the sovereignty issue. As late as in December 2016, China warned the newly elected the US President Donald Trump that Beijing would never bargain with Washington over issues concerning or involving its national sovereignty or territorial integrity. China's ambassador to the US Cui Tiankai remarked that: "And basic norms of international relations should be observed, not ignored, certainly not be seen as something you can trade off. And indeed, national sovereignty and territorial integrity are not bargaining chips. I hope everybody would understand that."⁵ This was following Trump's interview on "Fox News Sunday" where he suggested that the U.S position on Taiwan would be used as an element or a bargaining chip to negotiate favourable trade terms with China. There was also a huge protest when Trump accepted a call from the Taiwan President.

The Taiwan issue between the U.S and China is not a new issue, goes back to 1940s. In June 1996, when Clinton administration issued a visa to Lee Teng-hui, President of Taiwan, to visit his Alma-Mater (Cornell University), the Chinese leaders took a number of retaliatory measures. Bilateral talks were cancelled, the Chinese ambassador to the U.S was called back for prolonged consultations, China showed no interest in welcoming the new U.S ambassador to China, insidious and explicit condemnation was targeted at Lee personally, cross-straits talks were suspended and missile test was conducted in waters of Taiwan coast. For China, Lee's action was a direct threat to its claim of sovereignty over the island.

Another aspect where China's conception of sovereignty is seen is in its ideas of human rights norms. Just like the Taiwan issue, human rights issue in China's view is part of its core interest. China considers any statement or actions on China's human

⁴ Accessed 15 Jan.2017 URL: "Jiang Reviews China-US Relations", Beijing Review, Vol. 38 (44), P. 9

⁵ Lawder, David (2016), "Chinese ambassador to U.S.: Sovereignty not a 'bargaining chip'. Accessed 8 Jan.2017 URL: <http://www.reuters.com/article/us-china-usa-taiwan-idUSKBN14403I>

rights issue as contrary to its position and violating China's sovereignty. Chinese leaders feel they know much more than foreigners about the situation in China and are especially resentful of those nations which try to put their noses into others' business (Yue 1996: 160). From Beijing's point of view, the West, especially the United States, uses human rights as a pretext to interfere in China's domestic affairs and encroach upon China's sovereignty. China considers Western countries headed by the U.S as internationalising China's internal issues and they have reiterated that these should not be subject to foreign influence. China's policies towards its minorities should be the problem of Chinese domestic policy and that external forces should keep themselves out of China's internal affairs. Though these policies have affected and strained China's relations with other countries, China is committed to its policies and stand on its sovereign power.

After the Tiananmen Square incident China was isolated and criticised for its human rights records. Yet China came out of it and in 1995 when the United States of America's House of Representatives adopted a resolution to condemn China's trial of political dissident Wei Jingsheng. Chinese officials did not even try to hide their disinclination to pressures from U.S and instead came out with a statement criticising it as a serious infringement upon China's sovereignty and interference in China's internal affairs. The then Foreign Ministry spokesman Chen Jian reiterated that, "China is a sovereign state. It is its sovereign right to bring law-breakers to trial according to its law, and handle religious affairs in Tibet in line with religious rituals (Yue 1996: 26)." China thus views outside efforts to promote and protect human rights in China as a Western scheme to Destabilize China and thwart its peaceful rise and thus to weaken or infringe China's sovereignty.

Even when one looks at the human rights concept, there is a huge conceptual gap between China and the West. Chinese have also a vested interest in meeting and spreading its human rights concept. China argues that West-centric human rights norms have dominated the discourse on human rights issue and that their perspectives of human rights have not been widely accepted. China and other developing countries have criticised Western human rights standards. They have stressed that single model should not be used to measure human rights situation in every country. For China raising the dignity of its people is one of its human right components. Dignity of people can be raised by improving the economic well being of the people.

When one talks about economic aspects, human rights concept and that of sovereignty issues in China work simultaneously. It is apparent that all these three have been interlinked and connected. For example, prior to China's entry into the World Trade Organisation (WTO), China's trade relations with the US were conditioned upon an annual report or review of China's human rights records. This means that the United States could impose trade sanctions on account of human rights violations. China had no choice as those days the US had greater control and larger economy. Even if disputes were to arise they would have been a bilateral trade and diplomatic issue between the United States and China and it would be left to these two nations to decide the future course of action. It was also apparently clear on the part of United States and other Western countries that they had a vested interest in changing the human rights discourse in China. When China applied for an entry into WTO in 2001 and when negotiations were going on. The US supported China's entry into WTO arguing that China's accession into WTO would have a profound effect in promoting greater political liberties and recognition of basic human rights in China. The basic premise as to how this will change the political system in terms of human rights in China is summed up by Daniel C.K Chow: "exposure to free trade and exchanges with other nations would help develop China's private industries, loosen the control of the massive state owned enterprises that dominate the PRC economy, and thereby erode the power of the Communist Party, China's paramount leaders, who control China's SOEs. Loosening of party control over the economy, according to this argument, would inevitably lead to greater economic and political freedoms" (Chow 2014: 63). This is a classic example of how the West is trying to change the domestic policies and influence them through the structure of WTO and through the norms of Universal Human Rights. Weather it is successful is debatable but it is clear that the West has been trying to influence domestic politics of China through different means which is a clear sign of violation of Westphalian sovereignty.

Sovereignty: Indian Perspective

Making sense of the Indian understanding of sovereignty is as difficult as making sense of India itself: confusing and contradictory more often than not, its influence comes from various sources and have transformed many times over the past six and a half decades of its independence. As would be the case with most other countries, India's images, understanding and practices of sovereignty are determined by both

external and internal influences and material as well as ideational forces. More importantly, the Indian notion of sovereignty is an ongoing project. This is how Happymoon Jacob⁶ sums up the notion of India's sovereignty.

India's understanding of sovereignty is very much in terms of symbolic representation rather than territorial based like most other nations of the world. India's adherence to the symbolic representation makes it more ideational. It has been argued that due to the complexity of nation building in India, territorial compact India may not sustain for long without its ideational basis. How much this is true is debateable. However, it is true that the idea of India, in a sense, precedes the territory that came to be called India (Jacob 2015: 20). Even for that matter historically, India's independence struggle was not so much based upon territory; it was based more on ideational factors such as values and ethics. The ease with which the country was partitioned into two half stands testimony to this belief till today.

Even after independence in the initial phase, territory was not an important factor in India's foreign policy. For example, the fact that India decided to have external mediation in the Kashmir issue rather than going for an armed invasion to get its territories (Jacob 2015: 21) back shows how territory was not so much of a core issue. India's inability and ill-preparedness to counter China and protect its Himalayan territories also shows its initial unimportance given to territory. Even in the midst of Cold War when the world was divided into two blocs headed by the two super powers namely United States and USSR, India did not join either of the groups. India gave more importance to an ethical, value based and non-aligned Foreign Policy (Jacob 2015: 21). India did not strive for raw power and material reward by joining either group but rather went for the symbolic recognition of India's status. However, if we look from a different angle, it is also clear that India was afraid of losing its just gained sovereignty and self rule as joining either of the camp would make them puppets of super powers and their foreign policy would be constrained by the Cold War structural system.

India's nuclear policies and debates within the international system also shed light on the sovereignty issues. Since 1960s, India did not bend its knees before nuclear non-proliferation regimes even after repeated and successive political isolation, diplomatic

⁶ Happymoon Jacob is Associate Professor at the School of International Studies, JNU, Delhi.

pressure and economic sanctions. According to India's views, it considers Non-Proliferation Treaty (NPT) regime as a discriminatory body and that separates the world into nuclear haves and have not. India has therefore argued that it will not sign any treaty under pressure from powerful countries. India did enter into negotiations only when the international community recognised and appreciated the Indian argument of choosing a particular nuclear path (Jacob 2015: 21), which would be, in other words, India's sovereign decision and right.

India accords considerable significance to international recognition and sovereign equality which flows from its Constitution. The Preamble to the Constitution of India declares: "We, the people of India, having solemnly resolved to constitute India into a Sovereign, Socialist, Secular and Democratic Republic". By Sovereign, it means free from the control of any foreign power and internally has a free government which is directly elected by the people and makes laws that govern the people. No external power can dictate the Government of India. India's membership of the Commonwealth or of the United Nations does not impose any external limit on her sovereignty. India's resistance to sign the NPT flows from this world view of never accepting and signing treaty under pressure or under force.

Even the Part 4 of Article 51 of the Indian Constitution which deals with the Directive Principles of State Policy, underlines promotion of international peace and security. It states that: "The State shall endeavour to-promote international peace and security; maintain just and honourable relations between nations; foster respect for international law and treaty obligations in the dealings of organised peoples with one another and encourage settlement of international dispute by arbitration" (Misra 1966: 119). This shows India's adherence to the sound international system and respect for international peace and security and also indicates equality of all nations.

India signed the Panchsheel Pact with China and the principles of Panchsheel states—mutual respect for each other's territorial integrity and sovereignty, mutual non-aggression, mutual non-interference, equality and mutual benefit and peaceful co-existence. This became one of the core principles guiding India's foreign policy and the principles of Panchsheel clearly indicate a Westphalian notion of sovereignty. Apart from Panchsheel principles, NAM or the Non Alignment has been one of the corner stones of India's foreign policy. India sees itself as an old civilisation and a

new nation state; and preserving its independence and autonomy has been a constant in India's foreign policy. This led to a policy of non-alignment, emphasizing state autonomy even when it believed in engaging internationally (Banerjee 2012: 92). It aims to maintain national independence in foreign affairs by not joining any military alliance formed by the USA and Soviet Union in the aftermath of the Second World War. Non-alignment was in theory neither staying neutral, nor getting involved in any issues nor staying in isolation. It was a concept which aimed at not committing to any military bloc but taking an independent stand on international issues. The NAM provided an opportunity to the developing countries by protecting their sovereignty and also retaining their freedom of action during the tension ridden Cold War period.

Due to its historical and past experiences in the nation and state building process given its vast territory and huge diversity, India was ready to live with 'less-than-perfect' notion of sovereignty. For example, Kashmir was given a special status in the form of Article 370. The state's constituent assembly was empowered to recommend the articles of the Indian constitution to be applied to the state or abrogate the Article 370 altogether. After the state constituent assembly dissolved without recommending abrogation, the Article 370 was deemed to have become a permanent feature of the Indian Constitution. The Sixth Schedule of the Indian Constitution also provides a special status to the tribal states of Assam, Meghalaya, Tripura and Mizoram. Apart from these there are articles in the Indian Constitution such as Articles 371 which gives autonomy to different states.

The Sino-Indian War of 1962 where India was defeated badly by China became a kind of watershed in its approaches to state sovereignty and security. After the defeat India became conscious of its national security. It was a wakeup call for the nation that it has to bother less about the welfare of the world and concentrate more on its own security. Later India spent more on its defence preparedness. India's stand on its foreign policy and its domestic policies also changed drastically. For example, India refused plebiscite in Kashmir. Sikkim was made the 22nd State of the Indian Union from its former status as protectorate. Thus, India was becoming more and more conscious of the need to protect its sovereignty both in terms of territory and national interest.

The global humanitarian intervention and its practices also shed light on the perspective of India's sovereignty. India opposed 'Responsibility to Protect' in 2005 World Summit. India's opposition to R2P partly lies in its own perception of its own vulnerability and its place in international order. India fears that R2P might be used in future by the Western states over India and threatens its sovereignty. This is partly because India has come under much criticism in the case of Kashmir and also the Naxal affected areas. Delhi was also deeply concerned that the new Western emphasis on human rights might undercut its ability to manage its surging secessionist movements at home. The Western tilt toward Pakistan in its dispute with India on Kashmir provided the historical basis for these fears. However, as the Western powers began to appreciate the virtues of Indian democracy and political pluralism, many of Delhi's anxieties about international intervention in Indian internal politics have eased (Mohan 2013: 54).

However, this is not to say that India has never intervened in other states. India had used similar concepts like R2P in its national interest though it argues that such intervention was genuine and with clean intentions. India intervened in 1971 to assist Bangladeshis and helped it to create Bangladesh. India also intervened in Sri Lanka in 1987 with Jaffna Food Drop. India argues that though R2P might be for a global humanitarian goal, however, it is promoted by the UN and its prerogatives remain with the United Nations Security Council, which in turn is dominated by the five veto wielding countries namely the USA, Russia, China, UK and France. So India argues that even if the R2P is built on the powerful principles of human rights, in reality it would be driven by the strategic interests of these five countries.

IV. JUXTAPOSING THE CONCEPT OF SOVEREIGNTY IN SINO-INDIAN RELATIONS

China and India are relatively new countries in the sense that India gained independence in 1947 after two decades of colonial rule and China emerged from civil war with the formation of Communist Party of China and its coming to power in 1949 gave a new life to China. Since both China and India are still in the process of state-building, they give huge importance to their state sovereignty. State sovereignty as perceived by both China and India has evolved over a similar trajectory. The signing of Panchsheel Agreement in 1954 gave a new discourse to the Sino-Indian relations

and this document has become a guiding principle for the future course of Sino-Indian relations.

Panchsheel, or the Five Principles of Peaceful Co-existence, were first formally enunciated in the Agreement on Trade and Intercourse between the Tibet region of China which India signed on April 29, 1954, that stated, in its preamble, that the two Governments “have resolved to enter into the present Agreement based on the following principles: – Mutual respect for each other’s territorial integrity and sovereignty, Mutual non-aggression, Mutual non-interference, Equality and mutual benefit, and Peaceful co-existence⁷.

During the visit of Premier Zhou Enlai to India, he and Prime Minister Jawaharlal Nehru issued a Joint Statement on June 28, 1954 that elaborated their vision of *Panchsheel* as the framework, not only for relations between the two countries, but also for their relations with all other countries, so that a solid foundation could be laid for peace and security in the world. *Panchsheel*, as envisioned by its creators, gave substance to the voice of newly established countries who were seeking space to consolidate their hard won independence, as it provided an alternative ideology dedicated to peace and development of all as the basis for international interaction, whether bilateral or multilateral. This vision caught the imagination of the peoples of Asia and the world. *Panchsheel* was incorporated into the Ten Principles of International Peace and Cooperation enunciated in the Declaration issued by the April 1955 Bandung Conference of 29 Afro-Asian countries. The universal relevance of *Panchsheel* was emphasised when its tenets were incorporated into a resolution on peaceful co-existence presented by India, Yugoslavia and Sweden, and unanimously adopted on December 11, 1957, by the United Nations General Assembly. The Panchsheel Agreement indicates a high degree of importance to state sovereignty. The features of Panchsheel Agreement indicate a lot about safe guarding the state sovereignty. Though the Panchsheel Agreement enunciated by China and India went on to be recognised in many world forums, the Sino-Indian relations took a sharp twist with the 1962 Sino-Indian War.

Both China and India have been very critical of Western led intervention in any form in domestic affairs of sovereign states. This flows from their historical and state

⁷ Government of India, *Panchsheel*, Ministry of External Affairs, New Delhi. Accessed 11 Jan. 2017 URL: http://www.mea.gov.in/Uploads/PublicationDocs/191_panchsheel.pdf

building process. This particularly has been the case with the humanitarian intervention in the name of human rights or regime change for a better world. Both China and India have their own internal problems and hence both the nations do not want an external intervention in any form. China has been criticised by many Western institutions and even by states based on their human rights record in Tibet and in Xinjiang Autonomous regions. The Western world has also been sceptical about political freedom in China. Similarly, India has its own problems in response to the Kashmir issue, Northeast India and in the central India of what many term as 'Red Corridor' or the Naxal affected area. On many accounts, Western countries and media have been critical of India handling these situations. As a result, though in practice both China and India have intervened in other nations keeping in mind the 'realpolitik' in international relations on many accounts, in theory, however both the states fear that external nations or external transnational institutions might intervene in the domestic affairs and so have been very critical of these humanitarian interventions and both have opposed Western intervention in domestic affairs of state.

Apart from intervention both have similar views and common interests in regime change and climate change. However, having said this, both India and China suffer from mutual distrust and this impedes cooperation between the two. China and India agree on the abstract concept of state sovereignty and humanitarian intervention only. They are divided by the mutual distrust and threat perception emerging within the two nations against each other, which becomes in each other perspective detrimental to their state sovereignty.

This mutual distrust has emerged from various elements and misunderstandings in Sino-Indian relations and the root cause of these problems and the core issue has been the sovereignty issue between the two states. Since both the states are in the process of building their respective nation states, the huge importance given to territory has landed both the nations in deep trouble in their bilateral relations and as a result it has a huge impact upon the discourses in their respective foreign policies.

The territorial issue between India and China is a legacy of its past history. When the Communist Party of China took over Tibet, China and India came face to face in terms of their border. When British India was ruling over India, Tibet acted as a buffer state or region between India and China. The Shimla Agreement signed in 1914 by Tibet and British India became a binding treaty as far as border issue was concerned. After independence, India under Nehru was of the view that the border issue between

China and India was a settled case. However, China under CPC had a different opinion. The Sino-Indian border from the Chinese perspective considers it as a left over from history. China considers that the British colonialists made the unlawful McMahon Line in 1914, and which has never been recognised by the successive Chinese Governments. China accuses India of inheriting the British occupation of parts of Chinese territories after independence. They further accuse India of encroaching northward and pushing the borderline in 1953. This resulted in the occupation and invasion of 90,000 square kilometres of Chinese territories.

The differences in border demarcation led to the war between China and India in 1962. The 1962 incident had a deep impact on the future discourse of Sino-Indian relations. India took the stand that until and unless border dispute is settled, no further normalisation of relations could take place. India came out with its Lok Sabha Resolution in November 14, 1962 stating the firm stand of the Indian people to drive out aggressor from its sacred soil⁸. Even though by 1978 this stand was changed when Moraji Desai told the Lok Sabha and made modifications by replacing “vacate” in place of “drive out”. However, the stand of India of 1962 stood till 1988 when it was finally changed with the visit of Rajiv Gandhi to China. Even today Indians have a very sceptical view of China due to the deep imprint made by 1962 incident. Chinese on the other hand blame the Indian counterpart for the 1962 Sino-Indian War. They state: “In October 1962, India launched all-out armed attacks against China in the border areas, China was forced to fight back in self-defense and withdrew its troops to the Chinese side on 7 November 1959 LAC immediately after the self-defensive counter attack.”⁹

Rajiv Gandhi’s visit to China in 1988 saw a thaw in Sino-Indian relations, especially in dealing with border issue. Both countries stressed upon more constructive policies to solve the border issue. Agreement was reached that both the countries would develop their relations in other fields so as to have a positive impact and a conducive atmosphere for the boundary settlement. From 1988 onwards, both India and China have signed many agreements for the boundary settlement. These include Mutual Understanding and Accommodation and Mutual Adjustment in 1988: “mutual

⁸ Sharma, Avinash (2014). “Know why Nov 14, 1962 was an important date for Jawaharlal Nehru” Accessed 22 Jan. 2016 URL: <http://www.oneindia.com/india/know-why-nov-14-1962-was-an-important-date-jawaharlal-nehru-1561790.html>

⁹ Embassy Of The People’s Republic of China in India (2004), “The Relations between China and India” Accessed 17 Jan. 2017 URL: <http://in.china-embassy.org/eng/sgxw/zygx/t61475.htm>

adjustment” was newly added. Vice-Foreign Minister level Joint Working Group (JWG) was also established for the boundary issue. The JWG would have the twin functions of ensuring peace and tranquillity in the border areas and making recommendations for an overall solution to the boundary question within a definite time frame (Rajan 2007: 126). An Agreement on the Maintenance of Peace and Tranquillity along the Line of Actual Control in the India-China Border Areas was signed on 7 September 1993. After more than thirty years of border tension and stalemate, high-level bilateral talks were held in New Delhi starting in February 1994 to foster "confidence-building measures" between the defence forces of India and China, and a new period of better relations thus began. In November 1995, the two sides dismantled the guard posts in close proximity to each other along the borderline in Wangdong area, making the situation in the border areas more stable.

During President Jiang Zemin's visit to India at the end of November 1996, the Governments of China and India signed the Agreement on Confidence Building Measures in the Military Field along the Line of Actual Control in the China-India Border Areas, which is an important step for the building of mutual trust between the two countries (Das 2010: 110). This covered troop reduction and weapon limitation along the border. Both sides reaffirmed in the agreement that neither side shall use force against the other by any means or seek unilateral military action. In 2005, ‘Agreement on the political parameters and guiding principles for the settlement of the India-China boundary question’¹⁰ was signed. Both sides reiterated that boundary question should be resolved through a peaceful and friendly consultation. These mechanisms for border settlements have not been able to attain their objective. There are no exact or borders, both the sides have come up with their own line of border based on their own assumption. Except for few areas in the middle sector and in the eastern sector of Sikkim there are no clear cut boundaries. The confusion has led to many problems in the border areas. As a result, skirmishes along the border are routine.

Apart from the border and territorial issues, both China and India accuse each other of supporting elements which have become detrimental to their domestic affairs. China accuses India and it is sceptical of India’s relation with the Dalai Lama whom China

¹⁰ Ministry of External Affairs (2005), Government of India, Agreement between the Government of the Republic of India and the Government of the People’s republic of China for the Settlement of the India-China Boundary Question. Accessed on 27 Jan. 2017 URL: <http://www.mea.gov.in/bilateral-documents.htm?dtl/6534>

considers as a separatist. More so China looks with scepticism at India which hosts nearly 120000 (Sikri 2009: 101) Tibetan refugees and has also allowed a Tibetan Government in exile to run from its soil at Dharamsala. Even though India has reaffirmed that Tibetans are not allowed to indulge in any political activities in India, India remains a base from where it is conducting political activities and campaigns against the Chinese rule in Tibet.

On the part of India, it thinks and has many inputs that China is supporting elements which are detrimental to internal security of India. The NIA (National Investigation Agency) in its 2011 charge sheet filed against Antony Shimray—chief arms procurer of NSCN-IM (The National Socialist Council of Nagaland, Isak-Muivah) had also named Norinco—one of the largest state owned weapon manufacturing giants in China. The NSCN-IM had reportedly paid 100000 US dollars to Norinco to buy 10,000 assault rifles, pistols, rocket propelled grenades and ammunition. In 2004, Norinco was caught smuggling arms to ULFA and NSCN-IM.¹¹ China is also accused of providing safe sanctuaries to leaders of the insurgent groups. It is reported that Paresh Baruah operates out of Yunnan province (Hussain 2009: 19). In 2009, Ronny a sergeant in the banned insurgent group of Peoples Liberation Army informed that six PLA Platoons (300) returned after training from China. Maj. Gen. Sheru Thapliyal says that there are several possible motivations for China supporting the NSCM-IM beyond just arms sales. For one, Nagaland straddles Arunachal Pradesh, an area over which both China and India claim sovereignty. For decades, the two militaries have been involved in a cat-and-mouse game along this sensitive border area, each trying to stake a claim along the Line of Actual Control (LAC). By infiltrating into an area of strategic sensitivity to India, China could be aiming to secure a bargaining chip in border negotiation talks. Moreover, China is increasingly wary of India's rise and its larger geo-strategic intentions as a peer competitor. Thus, Naga rebels offer China a convenient counterweight to India's efforts at consolidating power and governance in northeast India, giving Beijing the ability to frustrate and distract New Delhi, as it struggles to rein in the various insurgent groups that have proliferated inside its borders.¹²

¹¹ India Today (2011), "Gunrunners of North-East". Accessed 27 Feb. 2017 URL: <http://indiatoday.intoday.in/story/chinese-agents-smuggle-arms-to-spread-militancy-in-north-east/1/139538.html>

¹² Thapliyal, Sheru, "Chinese Syndrome: China has renewed support to the insurgents in the Northeast". Accessed 5 Feb. 2017 URL: <http://www.forceindia.net/Junecolumn4.aspx>

It is quite clear that China and India suffer from a number of mistrusts which over the period of time have in some cases solved, while in other instances they have failed to come to any conclusion. These reasons have impacted upon foreign policies of both the nations and one of them was opening up of Nathu La after 44 years. China and India evolved several confidence building measures. As part of these measures, they opened up border trade which would facilitate cross border trade. Nathu La was opened in 2006 after 44 years of closure.

V. SUMMARY

The central argument of the chapter is that the concept of sovereignty is an evolving one. Today there is a growing debate that the concept of sovereignty is withering away due to the numerous global phenomena such as globalisation and communication and technology. There is a growing tendency among the global citizens to move towards cosmopolitanism. Yet there are also instances where safeguarding of state sovereignty has become a core issue. The term sovereignty has been used in many different ways. Stephen D Krasner has given a comprehensive meaning of sovereignty and how it has been used. He gives four different kinds of sovereignty—domestic sovereignty, interdependence sovereignty, international legal sovereignty and Westphalian sovereignty. Sovereignty, as a concept, has evolved over a long period of time and it is still going through an evolution phase. We can, therefore, claim that the whole debate of sovereignty withering away or it has gained more importance is part of larger picture of the evolution of the concept. It is worth noticing that power and authority have been the two fundamental elements defining the concept of sovereignty.

The evolution process of the concept of sovereignty has led to different degrees of interpretation of the, policy formulations and even in the making of foreign policy. Today the developed countries and developing countries differ in their interpretation of sovereignty. The Western developed countries who were the inventors and which had been advocating the traditional notion of sovereignty for centuries had fought two World Wars for the cause of sovereignty and are today on the verge of opposing the traditional notion of sovereignty. It has been argued that these Western countries have moved beyond sovereignty and are in post-sovereignty phase. On the other hand, China, India and other developing countries who have gained independence recently are in favour of safe guarding their just gained sovereignty and independence.

China and India which are in the early stages of state-building process stress heavily on the importance of safeguarding their sovereignty. Being neighbours especially after CPC's dominance over of Tibet, they have huge territorial issues. The border demarcations between the two neighbouring countries have not been done properly. The traditional notion of sovereignty which greatly stresses on the importance of territory has been one of the core issues in Sino-Indian relations. This misunderstanding of border and territorial issues has a huge impact upon the bilateral relations. The sovereignty issue between the two countries has played a leading role in the formulation of their foreign policy. At times these issues have become detrimental to Sino-Indian relations.

CHAPTER 3

SINO-INDIAN RELATIONS: CHANGING TRENDS AND BORDER TRADE

I. INTRODUCTION

The simultaneous rise of China and India is one of the major features of contemporary global politics especially when there is a talk of 21st century being the Asian Century. The interaction between the two rising Asian powers will not only exert a profound and far-reaching influence over Asian security but is also seen as a decisive factor reshaping the international order (Fang 2014: 2). The rise of both China and India would contribute significantly to the development of Asia as a whole. Historically both the countries have peacefully coexisted and have always sought peace. Many renowned scholars from China such as Fa Hien and Hiuen Tsang visited India to study its culture. Culturally, Buddhism spread from India to China. With the attainment of India's independence in 1947 and commencement of the Communist Party's rule in China in 1949, the two countries have shared a mixed bag of relations. In the initial period, the two nations shared cordial relations. India became the first non-communist state to recognise Peoples Republic of China. The Panchsheel Agreement was signed in 1954 between the two countries which became a binding document for the future relations. However, by 1960s the relations between the two after a brief period of honeymoon have plummeted rapidly leading to tensions. There was the problem of demarcation of borders which led to a brief Sino-Indian war of 1962. Today both China and India have come a long way from the shadows of the 1962 War.

Against this backdrop, this chapter is divided into three sub-themes. As a continuation from the previous chapter, the first major sub-theme deals with the Sino-Indian relations in the last twenty-five years. Why the last twenty-five years is because after the Sino-Indian 1962 border skirmishes, bilateral relations had suffered. Borders were closed and high level visits were few or rather non-existent. It was only after 1988 the Sino-Indian relations saw a new phase and from that period, the relations became very dynamic and there were many high level visits and interactions.

Despite these interactions and goodwill gestures and most importantly, improvement in bilateral trade, the core issues of border problems and territorial disputes have not

been solved as yet. Many analysts have taken the economic activity as one of the elements to counter the tensions at the borders. In this context, the second sub-theme deals with the trade and issues of sovereignty. The concept and theoretical basis of economic ties with a focus on Complex Interdependence has been considered to understand the Sino-Indian bilateral trade and then the theory of Neo-realism has been taken as a base to counter the arguments put forward by the theory of Complex Interdependence. The enthusiasm in bilateral trade has not really facilitated the solving of the border problems. This has been argued through the prism of Neo-realism.

The border tensions and territorial disputes, given the complexities involved and the dangers of escalation, have compelled India and China to come out with institutions and various Confidence Building Measures (CBMs). One of these has been the opening up of border trade. The final sub-theme of the chapter deals with these aspects. The Sino-Indian border trade policies and agreements signed will be discussed. The Lipulekh Pass and Shipki La Pass and their opening will also be briefly discussed here.

II. SINO-INDIAN RELATIONS IN THE LAST TWENTY-FIVE YEARS

Despite numerous problems such as border and territorial issues, mutual suspicion over each other's military build up and strategic intent and misunderstanding over key economic and political issues, China and India in recent years have improved their relations considerably. The breakthrough in Sino-Indian relations came about with the visit of then Indian Prime Minister Rajiv Gandhi to China. The Sino-Indian relations have seen different phases after 1950 with twists and turns. The initial years after both China and India came into being was marked by bonhomie. The 1960s saw a huge contrast as one to compared to the 1950s as there were border skirmishes and misunderstandings. Both the countries passed resolutions terming each other as a staunch enemy and adversary. The 1970s saw their diplomatic isolation in Asia and global politics. The thaw in relations came about in the 1980s. These could be attributed to China opening up and making changes in its foreign policy vis-a-vis changes in its leadership.

a. The Sino-Indian relations: 1988-1998

With the end of the Cold War and the disintegration of Soviet Union, there was a structural shift in the making of the foreign policy not only of India and China but of the nations of the world. This structural shift gave space to make amends and changes in the foreign policies. The turn of 1990s witnessed a new phenomenon in Sino-Indian relations. This was in marked contrast to pre-1990s where India and China witnessed incidents such as Sumdorong Chu incident, 1962 border skirmishes and Chola Pass incident. However, with the visit of then Prime Minister Rajiv Gandhi in 1988 and Narsimaha Rao in 1993, the Sino-Indian relations took a new turn.

The world moving to a seemingly unipolar world after the end of the Cold war, India's economic reforms and opening up and China's change in its South Asia policy, all contributed in the changing dynamics of Sino-Indian relations in post-1990s period. The period after Narsimaha Rao's visit to China saw many high level visits both at the military and political level, and a number of Confidence and Security Building Measures and trade agreements were signed.

The watershed in Sino-Indian relations especially after the turmoil of 1962 was brought about in 1993 with the signing of 'Agreement on Maintenance of Peace and Tranquillity'. Rajiv Gandhi was sufficiently bold to drop India's earlier demand for settlement of the border problem as a prior condition for general improvement in relations with China (Mansingh 1998: 488). He thereby was able to convince China's leaders that India was seriously prepared to negotiate the border, despite the vagueness of China's various public but non-official offers made in 1960, 1979 and 1983 to settle for a package exchange (Mansingh 1998: 488). The 1988 visit of Rajiv Gandhi resulted in establishing a Joint Working Group (JWG). This was to be headed by the Indian Foreign Secretary and the Chinese Vice-Foreign Minister. Senior representatives of the armies and ministries of defence were subsequently included. The 1992 visit of Sharad Pawar who was the Defence Minister of India pollinated in the signing of the 'Agreement on the Maintenance of Peace and Tranquillity along the Line of Actual Control' (LAC) (Das 2010: 110).

In the first place, the Agreement affirmed the view that the India-China boundary question shall be resolved through peaceful and friendly consultations and that neither side shall use or threaten to use force against the other by any means. Yet another

important highlight of the Agreement was that it stipulated “pending an ultimate solution of the boundary question between the two countries, the two sides shall strictly observe the LAC between the two sides and that no activities of either side shall overstep the line of actual control. In case of personnel of one side cross the line of LAC, upon being confirmed by the other side, they shall immediately pull back to their own side of the LAC.” It further provided that when necessary, the two sides shall jointly check and determine the segments of the LAC when they have different views as to its alignment (Das 2010: 110).

Secondly, the agreement stipulated that each side will keep its military forces in the area along the LAC to a minimum level compatible with the friendly and good neighbourly relations between the two countries. It further underscored that the two sides agreed to reduce their military forces along LAC in conformity with the requirement of the principle of mutual and equal security to ceilings to be mutually agreed, and that the reduction of military forces shall be carried out by stages in mutually agreed geographical locations sector-wise along the LAC (Das 2010: 10).

Thirdly, as regards military exercise, the Agreement mentioned that each side shall give the other prior notification of the military exercises of specified levels near the LAC permitted under the Agreement. Fourthly, in case of contingency or other problems arising in the areas of LAC, the two sides shall deal with them through meetings and friendly consultations between border personnel of the two countries. Fifthly, the two sides also agreed in the Accord to take adequate measures to ensure that air intrusions across the line of actual control do not take place and that the two sides shall undertake mutual consultation, in case intrusions occur (Das 2010: 110).

In 1996, the Chinese President Jiang Zemin visited India and signed four important agreements which were aimed to continue the improved relations between the two countries and also to create a peaceful environment at the borders. The four agreements outlined and signed by India and China was: (i). The Agreement of Confidence Building Measures (CBM's) in the field of military development along the Line of Actual Control (LAC) in the India-China border areas; (ii). The Agreement concerning the maintenance of Consulate General of India in Hong Kong (Special Administrative Region) of the People's Republic of China; (iii). The Agreement on Cooperation for combating illicit trafficking in narcotic drugs and

psychotropic substance; and (iv). The Agreement on Maritime Transport (Gojree 2014: 52-53).

Among the four Agreements, the Agreements on CBM's was the most important as it outlined a fair and reasonable and mutually acceptable settlement of the boundary question (Gojree 2014: 53). This agreement was envisaged at keeping the border tension at bay. It included almost all the details from reduction in armaments to navigation in air space. In order to maintain peace and tranquillity at the borders along the Line of Actual Control and to prevent tension, the Agreement reiterated that both shall avoid using large-scale military exercise involving more than one division in close proximity to the LAC in China-India border. If any of the sides happen to conduct a major military exercise involving more than one Brigade Group, prior notification must be communicated (Article 4).

The Agreement showed all the necessary aspects of military contingency, ways and means to deftly handle them without precipitating the matter. The Agreement thus aimed to work towards building a constructive and cooperative relationship into the 21st century while continuing to address outstanding differences and was reaffirmed during the high level political and official contacts (Gojree 2014: 53).

India and China agreed to establish 'A Constructive and Cooperative Relationship Oriented towards the 21st Century' Jiang highlighted the importance of 'Panchsheel' and it was a virtual mapping of the future political course of the relationship (Acharya 2008: 51).

b. Sino-Indian relations: 1998-2008

The Indian nuclear test of 1998 provided a second watershed in Sino-Indian relations (first one being the 1962 Sino-Indian War) (Acharya 2008: 64). The nuclear test led to the new dynamics and adjustments in Sino-Indian relations.

With the coming of Bharatiya Janta Party (BJP)-led NDA to power, the importance given to nationalism and national security became a major issue in the Sino-Indian relations. Under this background when BJP came to power in 1999, given the core emphasis on nationalism and national security, India conducted two rounds of nuclear tests on 13th and 14th May, 1999. Before nuclear tests, the relationship between China and India was proceeding in a right direction. However, with the conclusion of nuclear tests, China raised its concern by saying that the nuclear tests by India goes against the international trend and was detrimental to the peace and stability of the

South Asian region (Gojree 2010: 53). Prior to the conducting of 1998 nuclear tests, George Fernandez, the Defence Minister of India declared that China is India's number one threat (Gojree 2010: 53). The message he wanted to convey to the international community was that India had developed nuclear weapons in defence against China's arsenal. Though, he maintained that his remarks were made in his personal capacity as an individual and not as Defence Minister. The relations between the two states further deteriorated when the Prime Minister, Atal Bihari Vajpayee in a letter to US President Bill Clinton stated that "we have an overt nuclear weapon state on our border, a state which committed armed aggression against India in 1962. Further, the country has materially helped another neighbour of our (Pakistan) to become a covert nuclear weapons state which has also committed three aggressions against us in the last 50 years."¹³ China's reaction to this letter was harsh and strong which caused further setback to the already deteriorating Sino-Indian relations. The Chinese Foreign Minister Spokesman Zhu Bangzao said that India had dealt, "a hard blow on the international effort to prevent nuclear weapon proliferation. It will entail serious consequences to the peace and stability in South Asia and the world at large"¹⁴. However, this bitterness in the bilateral relations between the two states was mitigated as India later on downplayed the significance of Vajpayee's letter and also George Fernandez's remarks about China being India's threat number one. The initiative was taken by India when it expressed its intention to enhance the friendly bilateral relations with China. On the other hand, China thought that it could not isolate India for long because India had withstood the pressure (international) and the USA and other powers were softening their attitude towards India (Gojree 2010: 53). Thus, the Sino-Indian relations once again came back on the track of normalization. The two sides officially resumed talks in February, 1999 after a gap of a few months. It was agreed by both the sides to resume the Eleventh Joint Working Group (JWG) meeting that was to be held in the second half of the 1998 but was postponed due to these setbacks (Gojree 2014: 53).

Jaswant Singh, who was then the Foreign Minister, visited China and created a friendly atmosphere in what was otherwise a volatile situation which had developed

¹³ The New York Times (1998), "Nuclear Anxiety; Indian's letter to Clinton On the Nuclear Testing". Accessed 12 Feb. 2017 URL: <http://www.nytimes.com/1998/05/13/world/nuclear-anxiety-indian-s-letter-to-clinton-on-the-nuclear-testing.html>

¹⁴ Select Documents Relating to Pokhran-2 (1999), China Report 35 (2), Sage Publications.

post nuclear tests. China on its part adopted a neutral position during the Kargil War in May 1999 (Gojree 2014: 54). This mitigated the irritants in the relations between the two.

In May 2000, R.K. Narayan who was then the President of India visited China. In this visit, Jiang Zemin outlined four steps to develop their bilateral relations with each other, these were: Increase of mutual visits, expansion of trade and economic relations, strengthening of cooperation and coordination in international affairs and to remove the irritants in bilateral relations properly (Chengappa 2004: 293). In 2003, the then Indian Prime Minister Atal Bihari Vajpayee visited China¹⁵. Twelve agreements were signed which were expected to make Sino-India relations more cordial and friendly. Important among them were: 1. Agreement on political parameters and guiding principles for the settlement of the India-China Boundary dispute. 2. Report of the India-China Joint Study Group on Comprehensive Trade and Economic Cooperation. 3. Protocol on Modalities for the Implementation of CBM's in the Military Field along the LAC in the India-China Border Areas. 4. Memorandum of Understanding (MoU) on the Launch of India- China Financial Dialogue. 5. Memorandum of Understanding (MoU) on provision of Hydrological Information of the Sutlej/Langgen River in the flood season by China to India. 6. MoU on Civil Aviation. Besides, it was also decided that the Joint Study Group (JSG) would be established by both the states. This JSG was to find out areas where more and more economic cooperation is possible and thereby suggest ways and means which could enhance bilateral trade and encourage cooperation between the business communities of the two states. As per their rapidly growing economies, it was an important advancement in the economic field (Gojree 2010: 53). The two countries also designated Changu in Sikkim and Renqinggang of the Tibetan Autonomous Region as the venues for border trade and agreed to use Nathu La as the Pass for entry and exit to facilitate trade (Sinha 2003).

In 2005, India signed a Nuclear Deal with the United States and yet it did not hinder the Sino-Indian Relations. The then Chinese Premier Wen Jiabao visited India and termed the 21st century as the Asian Century and that China and India should work together to fulfil this dream. Another important aspect of his visit was that China

¹⁵ India Today (2003), "Dancing with the dragon". Accessed on 1 Jun. 2017 URL: <http://indiatoday.intoday.in/story/historic-visit-to-china-by-prime-minister-vajpayee-brings-beijing-and-delhi-closer/1/206119.html>

formally recognised Sikkim as a part of India and as a result Sikkim now ceased to be a stigma in Sino-Indian relations. Further to create more friendly relations between India and China, it was decided during Wen's India visit to mark the year 2006 as the "India-China Friendship Year."¹⁶ In order to promote cooperation in the defence field and reduce tensions on the Sino-Indian border, Pranab Mukherjee who was then the Indian Defence Minister visited China in May, 2006. During his visit, India and China signed the Memorandum of Understanding on Defense Cooperation. The MoU envisages for the establishment of a mechanism to ensure frequent and regular exchanges between leaders and officials of the Defence Ministries and the armed forces of the two countries, in addition to developing an annual calendar for holding regular joint military exercises and training programmes (Das 2010: 117)¹⁷.

To give further boost to Sino-Indian relations, the then China's president Hu Jintao visited India in November, 2006. The visit highlighted the resolve of both countries to work towards the consolidation and diversification of India-China relations. The visit indicated that both sides wanted to keep the irritants aside and move forward to promote cordial relations with one another (Gojree 2013: 55). The year 2006 was in fact an important year in the Sino-Indian bilateral relations because it was celebrated as a "China-India Friendship Year". It was also decided that if the year 2006 was celebrated as "China-India Friendship Year" then the year 2007 was to be celebrated as the "India-China Year of Friendship through Tourism-2007."¹⁸

In 2008, Manmohan Singh, the then Prime Minister of India visited China and a Joint document entitled, "A Shared Vision for the 21st Century of the People's Republic China and the Republic of India", (Joint Statement between India and China) was issued. This document underlined the common position of China and India both at the bilateral and international levels. In 2008 as part of Annual Defence Dialogue, "Hand-in-Hand 2008"—a Joint Defence Training exercise commenced. This was intended to increase and strengthen military to military relations between the two armed forces.

¹⁶ Ministry of External Affairs (2006), Government of India, "Activities planned for India-China Friendship Year-2006" Accessed 12 Feb. 2017 URL: <http://www.mea.gov.in/press-releases.htm?dtl/4963/Activities+planned+for+IndiaChina+Friendship+Year++2006>

¹⁷ Xinghua News Agency (2006), "China, India Sign Defense Cooperation MOU", Accessed 12 Feb. 2017 URL: <http://www.china.org.cn/english/2006/May/169952.htm>

¹⁸ Consulate-General Of The People's Republic Of China (2007), "China-India Year of Friendship through Tourism". Accessed 16 Feb. 2017 URL: <http://www.chinaconsulatesf.org/eng/xw/t298410.htm>

c. Sino-Indian relations: 2008-2015

In 2009 President Hu Jintao met with Prime Minister Manmohan Singh on the sidelines of the Shanghai Cooperation Organisation Summit and also at the first BRICS summit. The Chinese Premier Wen Jiabao met with Manmohan Singh at the Summits of East Asian leaders and at the UNCCC (United Nations Climate Change Conference). In 2010, Premier Wen Jiabao visited India and in the Joint Communiqué, the two sides reaffirmed their objectives specified in: the Declaration of Principles for Relations and Comprehensive Cooperation between India and China in 2003; the Joint Statement of India and China in 2005; the India and China Joint Declaration of 2006 and Shared Vision for the 21st century of India and China of 2008 (Gojree 2013: 57).

In 2013, India and China signed the Border Defence Cooperation Agreement. Chinese Premier Li Keqiang reiterated that both China and India are old civilizations. Peoples from both the countries have the wisdom and two governments have the ability to manage the disputes along the border. At the same time the Indian Prime Minister Dr. Singh said, "Premier Li and I have agreed that peace and tranquillity on our borders must remain the foundation for growth of the India-China relationship, even as we move forward in the negotiations toward a fair, reasonable and mutually acceptable settlement to the India-China boundary question¹⁹."

In 2014 when the BJP came to power in India under the leadership of Prime Minister Narendra Modi, the new Indian government did not waste time to strengthen its ties with China. Xi Jinping visited India and China promised \$20 billion worth of investment over a period of five years. Apart from this in June 2014, Wang Yi, China's Foreign Minister visited India and met Sushma Swaraj and Prime Minister Narendra Modi. Hamid Ansari—India's Vice President too visited China. In March, 2015 India and China started their 18th round of border talks. The National Security advisor Ajit Doval met Yang Jiechi, China's special representative. In May, 2015 Modi visited China and signed over 25 Agreements worth over 10 billion US dollars.

¹⁹ BBC News (2013), "India and China in Border Defense Agreement" Accessed 16 Feb. 2017 URL: India and China in Border Defense Agreement, *BBC News*, 23 October (2013).

d. Changes in approaches and methods in Sino-Indian Relations: From Enthusiasm to Uncertainty

China and India are neighbours, and both share a 3,488 kilometres of border which comprises of a vast variety of terrain encompassing hills, mountains, high altitude and riverine areas. Purported friendship and ideological congruence around anti-imperialist foreign-policy objectives from 1950 deteriorated into a bitter yet brief border conflict in 1962, followed by a Sino-Indian 'Cold War' (Sidhu and Yuan 2003: 17). Bilateral normalisation efforts after 1976 led to attempts to address differences through dialogue. The border issue between India and China has been one of the core issues constraining the relations between the two Asian neighbours. The bilateral relations between China and India are influenced by the structure created by the border issue. Border issue and problems related to it have been one of the major determinants in Sino-Indian relations since the 1950s. In early 1950s, India, under the leadership of Jawaharlal Nehru took the position that there was no border dispute and there was only a small rectification to be made. However, China argued that Sino-Indian border was not a settled issue, and that the Shimla Agreement signed in 1914 which demarcated the border as McMahon Line was a colonial left over problem and that the Chinese had not entered into any agreement. The 1962 Sino-Indian border war in which India was completely caught off guard changed the whole dynamics and scenario of Sino-Indian relations. The 1962 incident brought about a watershed in Sino-Indian relations. India no longer remained in idealist mood as advocated by Nehru and moved towards more pragmatic impulses. It started arming itself and safeguarding its borders. The whole issue of border problems and territorial integrity started from this period. The troop movement in the Sino-Indian border and militarisation of Himalayan region also began since then.

The Sino-Indian relations touched its lowest level after the Sino-Indian border clashes of 1962. Relations deteriorated to such an extent that similar kind of 1962 skirmishes nearly took place in 1966 at Nathu La. Not much diplomatic communication was made thereafter till the visit of Rajiv Gandhi in 1988. The 1986 Sumdorong Chu incident nearly brought the two nations on the brink of war. The thaw in relations took place after the end of the Cold War and with the changing dynamics of international politics. After 1990s the Sino-Indian relations saw more dynamism with the visits by top ranking officials of both the countries.

The relations today between the two are marked by uncertainty. On the one hand, there is marked improvement in Sino-Indian relations. On the other, there are irritants coming in the way. Today however, there are institutional mechanisms present to deal with the border issue. However, these mechanisms have failed to deliver any substantial results. Joint military drills such as ‘Hand-in-Hand’ exercises have been overshadowed by border incursions (Ramachandran 2014: 16), China’s support to Pakistan and India’s welcoming attitude to Tibetan refugees is in marked contrast to the signing of many agreements between the two nations. The rhetorical talks between the two nations have overshadowed the Sino-Indian relations.

Today the relations between China and India have become extremely uncertain due to the changing global dynamics in politics. There are many areas where China and India seem to be on the same page vis-a-vis the developed countries. Historically also Sino-Indian relations have been marked by uncertainty. During the 1950s the sign of friendship was made famous by Hindi phrase *Hindi-Chini Bhai Bhai* (Singh 2003: 123), which had over the years changed to *Hindi-Chini Bye Bye* (Singh 2003: 125)). Such is the dynamic in nature of Sino-Indian relations that till today it is marked by constant uncertainty. There is cooperation in one sphere and yet at the same time irritants continue to flourish side by side.

Today we can sum up the Sino-Indian relations as one with economic cooperation on one hand and border problems and tensions on the other hand. The Chinese and Indian state’s behaviour is shaped by border issues which have remained unsolved and as a result there is a constant fear of military confrontation. Both the states possess nuclear weapons and this makes the scenario worse. Undoubtedly, there are many possibilities for hope and reconciliation. Joseph Nye and Robert Keohne argue that, “the use of force has become increasingly costly for major states as a result of four conditions: risks of nuclear escalation; resistance by people in poor or weak countries; uncertain and possibly negative effects on the achievement of economic goals; and domestic opinion opposed to the human costs of the use of force”. Taking this argument forward the net result is that every nation today is keen to avoid use of force and military confrontation. The case of India-China relations is the same. The relations today are shaped more on the lines of a liberal framework. However, this is not to say that the Realist paradigm in Sino-Indian relations has taken a back seat. The two paradigms work simultaneously.

It is within this framework that both China and India have brought about many new ways and techniques in designing confidence building measures. Since the turn of millennium, Sino-Indian relations have taken an upward turn. Against this background, Nathu La was re-opened after a gap of 44 years since its closure, following the Sino-Indian skirmishes of 1962. Nathu La was opened as a third border trade post after Shipki La in Himachal and Lipulekh Pass in Uttarakhand.

III. ISSUES OF SOVEREIGNTY AND TRADE IN SINO-INDIAN RELATIONS

Sino-Indian relations have witnessed a number of complexities. There are many paradoxes which make the Sino-Indian relations difficult to fully understand. The proponents of Realist and Neorealist paradigms have come up with plenty of contradictions when characterising Sino-Indian relations. This is because these encompass the problems of border issues, unsettled boundaries and territories which are disputed by both the nations. Both the nations went into 1962 border skirmishes followed by 1966 incident at Nathu la, and again in 1986 Sumdorong Chu incident which nearly propelled into a full scale war. There is considerable mistrust in India with regard to Sino-Pakistan relations and especially in the context of military cooperation. On the other hand, China has problems with regard to Tibetan refugees and Dalai Lama related questions. Yet at the same time, bilateral trade has surged and trade engagements have become more pronounced and grown tremendously. Clearly, realist/neorealist approaches are unable to explain this phenomenon adequately. It is with this background that the theory of complex interdependence has been applied here, to understand the issue of Sino-Indian relations vis-a-vis sovereignty and trade.

The neoliberals contend, and give importance to trade. This is marked difference from the realist and neorealist perspectives which suppose and give importance to power and national interests. Richard Rosecrance, an ardent liberal international relations theorist argues that: “the theory of international exchange and trade gives a basis for mutual cooperation and mutual benefit, and it applies to the essence of what states do day by day. When noticed, trading is dismissed as “low politics”, pejoratively contrasting it with the “high politics” of sovereignty, national interest, power and military force. However, it is possible for relationships among states to be entirely transformed or even reversed by the low politics of trade (Rosecrance 1986: 11). This essence can be put into Sino-Indian relations. Trade and economic development

between the two states acting as a low politics are keeping the border tensions, intrusion and escalations at the borders at bay.

Robert Keohane and Joseph Nye in their work “Power and Interdependence” (1977), establish the relationship between power which is emphasized by the Realists and interdependence which is emphasized by liberals. Two of them have been successful in juxtaposing the two opposite models of world politics and make them complementary to each other. It is with this understanding that the model of complex interdependence suits and corresponds with the politics and relations between China and India. Amardeep Athwal (2008: 11) posits that China and India have just started on the road of interdependence. Though power and territorial interest still figure in the relationship between the two Asian nations, economic interdependence has slowly acted as a catalyst, undermining the border issues or keeping it down for the time being. Today, China and India continue to engage in the realm of low politics such as in trade and engagements through confidence building measures. It is possible that this basic level of engagement will spill over into other areas such as in border negotiations. Today the trade between India and China is rapidly flourishing.

Taking this model forward, let’s take the hypothesis that economic interdependence will bring about change in their policy towards territorial issues and mistrust down due to the potential rise in costs in Sino-Indian relations. A number of questions flow from this argument. What is the level of total trade between the two countries and is it vital for both the nations? Is there an asymmetry in trade balances? Finally, how far has economic activity impinged upon the security related issues?

The Sino-Indian bilateral trade has increased substantially over the last few decades. When one looks at the Sino-Indian border issue on the one hand and trade relations on the other, both these variants have worked simultaneously with one another. Historically, at times trade relations have suffered due to the border issues. The 1950s saw remarkable progress in Sino-Indian trade relations. This occurred against the backdrop of less border tensions. Sino-Indian Agreement on Trade and Intercourse between India and the Tibet region of China was signed in 1954²⁰. Later in the same year, Sino-Indian Friendship Association was signed. Owing to these developments, Sino-Indian trade increased from 4.4 million US dollars in 1953 to 25.5 million US

²⁰ Ministry of External Affairs (1954), Government of India, “Agreement on Trade and Intercourse with Tibet Region”, Accessed 1 July, 2017 URI: <http://www.mea.gov.in/bilateral-documents.htm?dtl/7807/Agreement+on+Trade+and+Intercourse+with+Tibet+Region>

dollars in 1956 (Smoker 1964: 67). By the turn of 1960s with the 1962 border skirmishes and intensified pace of both the countries in its border aggressiveness, trade was reduced to a mere 3.6 million US dollars (Smoker 1964: 68). For more than a decade, virtually no trade took place. In 1977, the trade figure was mere 2.5 million US dollars. This was as the result of territorial disputes and border incursions. The deadlock was brought about by the resumption of ambassadorial level diplomatic ties after a gap of 15 years. The opening up of Chinese economy and reforms which followed after Deng Xiaoping came to power facilitated bilateral trade once again. The end of 1980s saw the Sino-Indian trade touching 96 million US dollars (Brooks and Ferrarini 2010: 7).

With the turn of 1990s, the balance of payments crisis also resulted in the opening up of Indian economy. The 1990s was a decade which saw immense cooperation and goodwill gestures on both the sides. Relations between the two nations now came to be discussed at the highest level. Between 1988 and 1993, six rounds of border talks were conducted (Anderson and Geiger 2010: 133).

The May 1998 Nuclear Test at Pokhran by India came as an irritant in Sino-Indian relations which otherwise saw a smooth decade. The Nuclear test had a serious consequence in the bilateral relations. The relationship faced a serious crisis due to the nuclear crisis. The Chinese threat advocated by the Indian Government lead to a controversy and mistrust in relations between the two countries. Some Indian officials have discounted the so-called 'China threat', the deep rooted strategic suspicion and mistrust is still there. However, the problem in relations was soon sorted out within a year when China stayed neutral in Kargil conflict and India tried to reach diplomatic agreements with China.

The Sino-Indian bilateral trade really kicked off with the turn of 21st century. In 2003, India and China signed ten agreements and a Declaration for Relations and Comprehensive Cooperation (Yang 2017: 28). In 2003, when Vajpayee visited China and leaders of both the countries reiterated improving dialogue and promised to build a long term constructive and cooperative partnership to peacefully promote their mutual political and economic goals (Yang 2017: 29). One of the important memorandums included was signing of the expanding border trade. An agreement to coordinate in line with the World Trade Organisation (WTO) strategies in regard to mutual interest was also signed. On the political front, Vajpayee also reiterated India's stand that Tibet Autonomous Region (TAR) belonged to China and that India would

not allow, “Tibetans to engage in anti-China political activities within India” (Tucker 2003:70). Within this background on expanding trade at the borders and political improvements, China and India opened the trade route through Nathu La which was closed since 1962 and China thereby, “implicitly recognised Sikkim as part of India” (Malik 2007). In 2005, as a reciprocal to Vajpayee’s visit, Chinese Premier Wen Jiabao announced a plan to finalise an agenda for the development of India-China trade and economic cooperation when he visited India.

In July 2006, in a very symbolic showing of improved ties and ability to look beyond the political to the economic, the two countries opened the Nathu La Pass (the famed Silk Road) to bilateral trade for the first time in more than 40 years (Anderson and Geiger 2010:133) . These developments had a great impact on Sino-Indian trade. The volume of trade increased drastically. In 2005, the total trade touched 18 billion US dollars (Athwal 2007:86). This was an increase of 37 percent as compared to previous year of 13 billion US dollars. As late as 2002, the total trade amounted only to paltry 5 billion US dollars. By 2006, it had touched 20 billion US dollars (Sandhu 2008:25). The year 2006 saw tremendous surge of activities in Sino-Indian relations. The year marked the opening of Nathu La as the third border trade post. The year was also declared as India-China Friendship Year. The year 2006 was also highlighted by the development of a framework for establishing political parameters and guiding principles for border talks. The following year both the countries released a report arguing for a Free Trade Agreement between the two countries. However, this could not be passed due to domestic issues in India.

These goodwill gestures took a sharp turn with the turn of 2008. There was a report of incursion by Chinese in northern Sikkim and Arunachal Pradesh (Rehman 2009: 1). In April, 2009 China tried to block a 2.9 billion US dollar Asian Development Bank loan to India. China argued that the funding was used to finance flood control project in Arunachal Pradesh which China considers as a disputed area. Though India obtained the fund with the support of USA and Japan, it angered China even more. The increasingly tensed relationship led to India deploying 60000 additional soldiers, tanks, and two squadrons of attack aircraft to the Indian state of Assam near Arunachal Pradesh. Total troops in that area now numbered close to 100,000²¹.

²¹ John Chan (2009), “Tensions between India and China flare again”, World Socialist Web Site (ICFI), Accessed 22 Feb. 2017 URL: <http://www.wsws.org/en/articles/2009/10/inch-o23.html>

Amidst this tension in relations, Chinese Premier Wen Jiabao visited India in 2010 and in the subsequent Joint Communiqué, both the sides reiterated and called for stronger and cordial ties along the framework of previously signed agreements. Apart from this both the leaders from China and India met on the sidelines of Shanghai Cooperation Organisation (SCO) Summit and also at the sidelines of BRICS Summit. These actions culminated into a major boost in improvement of Sino-Indian relations. The total Sino-Indian trade figure stood at 73.39 billion US dollars for the year 2011²². The total trade though has seen a significant rise as compared to previous decades it came down to 65.78 billion US dollar for the year 2012, and then it saw a rise again with the total trade improving slightly in 2013 with 65.87 billion US dollars²³. The total trade for the year 2014 increased to 72.34 billion US dollars²⁴. The total trade for 2015 and 2016 was 71.64 billion US dollars and 70.8 billion US dollars respectively (Ministry of Commerce and Industries, Government of India).

Problems in Sino-Indian Trade: Juxtaposing with Neo-Realism

The Sino-Indian trade has grown exponentially despite the absence of an across-the-board agreement. China has become India's number one trading partner. India now trades more with China than with Japan and the United States. India has also become China's tenth largest trading partner (Mohanty 2014: 2), and its trade with China is growing faster than China's trade with the nine nations ranked above her. However, two significant factors have become problematic for the bilateral trade. These factors have challenged the presumption that trade has acted as a key parameter in solving the border issues. Trade imbalance which favours China is one of the key issues.

Trade imbalance between the two countries is one of the primary areas of concern. China depends less on trade with India. This is not a new scenario. Trade imbalance has been the norm between China and India when it came to the bilateral economic issues. Way back in 2005, China's trade with the United States amounted to 204.7 billion US dollars; with Japan 184.4 billion US dollars, while with India it was a mere 18 billion US dollars. India's trade deficit with China has gone up and it is increasing. It had reached 52.68 billion US dollars for the year 2015–16. This showed a rise from

²² Ministry of Commerce and Industry: Press Information Bureau (2014), Government of India, "Trade between India and China" Accessed 13 Mar. 2017 URL: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=108614>

²³ Ibid.

²⁴ Ibid.

48.48 US dollars from the previous year. More so India's exports are predominantly made up of base metals and low-value commodities. This is not conducive to value-additions and growth in India. The major imports from China include telecom instruments, computer hardware, electronic components etc. These products have high value. India has raised the issue of trade imbalance with China on many occasions and continues to do so.

As both the countries are developing faster and as there is an increasing need for more energy and resources, conflicts are bound to arise. As economies grow, they will increasingly compete with each other for energy, natural resources, market and not to forget geopolitical influence. This is the place where we talk about 'realpolitik'. Some assumptions have underscored that greater capabilities derived from economic growth may be turned towards aggressive ends. A recent RAND Corporation report, for instance, warns that after 2015 China could use the power acquired through its focus on the economy to fuel its 'realpolitik' or revisionist strategies (Tellis and Swaine 2000: 153). Stephen D. Cohen, while discussing the problems in Sino-Indian trade relations, argues, that "as long as their relationship remains trade, economic ties, cultural...that is fine, but as soon as you get some confrontation, on the border, Chinese goods flooding into market, or an incident at sea, or in Tibet or Nepal, then things quickly become much more nationalistic and complicated"²⁵.

Economic interdependence between China and India is increasing. However, economic interdependence is always a risky game. One might have good relations today, and yet might be competitors tomorrow. Thus, when we analyse Sino-Indian relations, mutual economic ties and trade will not always bring about lasting peace. This is following the case and historical aspects. The border issue is complex and it has a huge national sentiments associated with it. Even for a hypothetical situation, India and China must solve their border issues. The leaders have to find a ways and means to bring the domestic elements such as its citizens and opposition to account.

Though trade has improved, yet territorial disputes remain a hotbed in the Sino-Indian relations. Despite having robust relations, yet the core issue i.e the border issue threatens both. This leads to uncertainty and mistrust in the relations, thereby contributing to security dilemma. Tensions at the Sino-Indian border have been

²⁵ Sengupta, Somini (2005), The New York Times, "India and China are poised to share defining moment", Accessed 25 mar. 2017 URL: http://www.nytimes.com/2005/04/10/world/asia/india-and-china-are-poised-to-share-defining-moment.html?_r=0

reported countless number of times. Both the countries have an active standing army which monitors these areas. According to reports, a single mistake could prove to be very costly. For example, when patrols from both the sides get into contact, it means that a single mistake could escalate and put the bilateral relations into a deep crisis. Therefore, the security dilemma has contributed to the building up of arms.

The economic interdependence in Sino-Indian relations has not yet contributed to peace and solving of border issues. It merely acted as one of the catalysts for improvement in relations. However, as Stephen Cohen, noted when it comes to border issues everything else is kept aside and all the focus goes to the nationalistic sentiments. This has been the case with Sino-Indian relations too. Just when everyone thought relations was going on in the right track, the 1962 skirmishes came about. In 1998, when the relations had just been brought on to a right track, India's nuclear test came about and disrupted the improved Sino-Indian relations. Even in 2009, when trade was at the height of Sino-Indian relations, the Chinese blocked the ADB funds to India apparently stating that it would be used to build flood control projects in Arunachal Pradesh which China considers it as a disputed land. The mistrust resulted in additional deployment of troops and combat forces in the border areas of Northeast India. The incursions across the border are a regular phenomenon. Even when Xi Jinping was on a state visit to India, the Chinese PLA forces intruded into the Ladakh region of India. Thus, the economic and trade interdependence have not really worked toward solving the core issues in Sino-Indian relations

IV. CHINA-INDIA BORDER TRADE: A CHANCE TO SOFTEN ITS HIMALAYAN BORDERS

The Himalayan region which remains highly disputed between China and India over its border control, has been historically a very peaceful region with trade flourishing over its high mountain passes. In order to understand the complexities of the Himalayan border issue, it is important to distinguish between a frontier and a boundary. According to Kristof, elaborating on ideas put forward by Sir Henry McMahon in 1935 (Lamb 1964:14), a frontier is an outward-oriented march land, a border area is one in which the effective territorial control of the central state is limited. A boundary or a border is an inward-looking bound, a sharp dividing line, incorporating territories under the exclusive jurisdiction of a modern state. The Himalayan region due to its difficult terrain and its remoteness had remained as a

frontier region throughout its long history. The region had remained at the periphery of all the leading empires from the Mughal dynasty to the British India and Chinese empires. As a result the people had interacted and traded with each other, the land pastures were used without any restrictions.

However, with the attainment of India's independence in 1947 and subsequent dominance of China by the Communist Party in 1949, this frontier was transformed into a boundary. The signing of the Agreement on Trade and Intercourse with Tibet popularly known as the Panchsheel Agreement in 1954 completed the transformation of Himalayan region from a frontier to a border. The agreement, apart from talking about mutual respect, sovereignty, mutual non-aggression and non-interference in each other's internal affairs, also highlighted issues of border trade. India had considered Tibet as an autonomous and buffer state between China and herself. Nehru did not show its willingness to fight China when it invaded Tibet forcefully in spite of many officials criticising his China policy (Sandhu 2008: 2).

Article 1 of the Agreement grants the Government of China to establish trade agencies at New Delhi, Calcutta and Kalimpong. Similarly, the Government of India was given the provision to establish trade agencies at Yatung, Gyantse and Gartok. Article 2 specified setting up of Yatung, Gyantse and Phari in Tibet and Kalimpong, Siliguri and Calcutta as markets for trade. Some trade marts were also identified. The Government of China agrees to specify Gartok, Pulanchung (Taklakot), Gyanima-Khargo, Gyaniina-Chaltra, Ramura, Dongbra, Puling-Sumdo, Nabra, Shangtse and Tashigong as markets for trade. The Agreement was open for modifications.

Article 3 of the agreement specified about the exchange of pilgrims and visit to the pilgrimages in both the countries across the Himalayas. Interestingly, Article 4 gives definition of border passes. It stated that the traders and pilgrims of both the countries may travel by the following passes and route: Shipki La Pass, Mana Pass, Niti Pass, Kungri Bingri Pass, Darma Pass, Lipu Lekh Pass. The Agreement was valid for eight years. It was up to the respective governments to continue further or not.

Figure 1.1- The area of conflict between India and China



Source: *The Economist*.

The subsequent build up in Sino-Indian relations did not permit further continuation. The transformation from a frontier to a border created few anomalies and ambiguities in the Himalayan region which transcended into a crisis in Sino-Indian relations. The projects which remained earlier unsuspected now were looked from highly sceptical point of view. The road building projects by Chinese in southern Tibet in the late fifties and subsequent military build up left India with no choice but to reassert its northern frontier policies. This resulted in the 1962 border skirmishes due to the continued competition in the shrinking frontier area. As a result, the Agreement on Trade and Intercourse with Tibet valid for eight years was discontinued.

The 1962 short conflict changed the whole dynamics of the Himalayan region. The historical region where trade had flourished for centuries was halted and border was closed. The centuries old pattern of trade and communication across high mountain passes ceased to exist overnight. It was not until the early 1980s that the first traders and pilgrims were tentatively allowed to set foot on Tibetan soil again (Spengen 2000:50).

The visit of the then Prime Minister Rajiv Gandhi to China in 1988 opened up the prospect of border trade for the second time. The two countries established a Joint Working Group (JWG) which aimed at seeking a solution to the border dispute which both the parties would mutually accept. Joint Economic Group (JEG) was also set up and this aimed at expanding bilateral economic cooperation. The JWG and JEG deliberated on various institutions which facilitated CBMs that would prevent friction and ensure peace and stability along the Line of Actual Control. These CBMs came slowly with various agreements and one of them was border trade. China and India signed the “Protocol for Resumption of Border Trade” in 1988. This was followed by the signing of “Memorandum between the Government of the India and Government of China on Resumption of Border Trade” in 1991.

The years from 1991 to 1993 saw three Agreements related to border trade being signed. These include, “Protocol between the Government of the Republic of India and the Government of the People’s Republic of China on Custom Regulation, Banking Arrangements and Related Matters for Border Trade which was signed in 1992, and then a “Protocol between the Government of the Republic of India and the Government of the People’s Republic of China on Entry and Exit Procedures for Border Trade was signed in 1992, and finally another “Protocol between the Government of the Republic of India and the Government of the People’s Republic of China for Extension of Border Trade across Shipki La Pass” was signed in 1993.

These agreements paved the way for the opening up of border trade and Lipu Lekh Pass was opened as the first border trade post. Gunji and Pulan were designated as the trading markets. Thus with this border trade with China officially resumed its commerce across border after three decades. The trade officially opens by May and closes by the end of October. Following the success of Lipu Lekh Pass border trade, India and China agreed to open the second trade route and on September 7, 1993 after signing the protocol for extension of border trade across Shipki La, thereby leading to the opening up of Shipki La in 1994 as the second border trade. The Agreement specified Namgaya in Kinnaur district and Juiba in Zada country (TAR) as trading markets and designated Shipki La in Himachal Pradesh as the second Pass for entry and exit of persons, commodities and vehicles engaged in border trade. The trade opens in September and closes by the end of November.

The resumption of border trade created much enthusiasm among the residents of border area. At Lipu Lekh, 299 Indian traders crossed the border for trading into

Pulan when the route was first opened in 1992 (Das 2014: 9). Similarly, the opening of Shipki La in 1994 saw 90 Indian traders visiting the Tibetan mart at Jiuba (Das 2014: 9). This has been decreasing and today there are only around 35-45 traders visiting the trade marts in Tibet. The Tibetan traders visiting the Indian trade mart had always been poor. While in 1992, when Lipu Lekh was opened only three traders from Tibet came through Lipulekh (Das 2014: 9). When trade was recommenced through Shipki La, not a single Tibetan trader reached or came to trade mart on the Indian side.

With the initial euphoria and fanfare following the opening up of border trade, it has not really kicked about a turn in business. The trade at these borders remained poor and governments of the both sides seemed not to care much. The poor infrastructure on both side of the border restricts the trade and difficult terrain adds to the woes of the traders. The weather conditions too restricts the time of the trade as these regions in winter are all covered with snow. Thus, the time period for trade is short. Moreover, the bureaucratic hurdles and security issues and clearances consumes most of the time cutting down the time left for trade.

This border trade was just opened as a symbolic gesture and as confidence building measure and not really as a means for dynamic trade. These two trading posts have been opened in the middle sector of the Sino-Indian border which is the least contentious part of Sino-Indian boundary (Mansingh 1994: 292). If China and India really want to move forward and if they want to use border trade as CBMs then border trade has to be opened up in disputed areas such as Ladakh and Arunachal Pradesh regions. On the part of India also, they were more than happy to use these passes to visit the holy sites in Tibet rather than to use them merely as a trading post.

When these two border trading posts were opened, India had expressed its desire to open border trade in other areas too notably Nathu La in Sikkim. Though this was agreed upon in principle by China, it did not materialise. China's reluctance came in its way and Nathu La was not opened. However, this proposal was revived after one decade when the Indian Prime Minister Atal Behari Vajpayee visited China. The two countries signed a Memorandum of Understanding on expanding border trade. The 2003 June agreement sought to establish trading marts at Changu in India and Reqinggang in TAR. Nathu La was designated as the third pass for conducting border trade and on July 6, 2006, it was officially opened.

Though trade through Nathu La has been small in volume and it has not given a major boost to local economies on either side of the border. The move had a strategic implication as many analysts point to the important issue that it signalled Beijing's implicit recognition of Sikkim as part of India and subsequently Sikkim was removed from Chinese map which portrayed Sikkim as an independent sovereign state.

V. SUMMARY

The Sino-Indian relations in the last twenty-five years have been a dynamic one. As discussed in the first section of the chapter, it saw an uncertain behavioural pattern on the part of both China and India. After 1988, the Sino-Indian relations, following the visit of the then Prime Minister Rajiv Gandhi to China, started from scratch following the damage done by the 1962 border conflict. Its memory and ghosts still linger as it has played vital role in shaping the Sino-Indian relations.

The chapter posits that the Sino-Indian relation is one of a kind in which one sees ups and downs, in the sense that, the relations continue to be very uncertain. For instance, on the one hand there is the presence of high level visits by officials, and yet on the other border intrusion and problems keep cropping up simultaneously. Just when the relations seem to be on the right track, major irritant comes along and damage the progress made in the improvement of relations. This leads to mistrust in relations. There have been many instances wherein irritants have affected the Sino-Indian relations such as: the nuclear issue and threat perceptions in 1998 following the nuclear test by India, China's blocking or rather not supporting India's Nuclear Suppliers Group (NSG) membership and China's reluctance to accept Masood Azhar as a terrorist.

The increasing trade and robust economic ties between China and India indicate an element of maturity. Many have argued, in line with liberal theorists that trade will bring about integration. In Sino-Indian relations, economic activity has been used as one of the variables to counter and contain tension at the borders. On this assumption, the chapter ascertains that trade alone is not going to solve the border tensions. At the most it acts as a temporary variable in calming the tensions. Having said this, even the proponents of Realism and Neo-realism have failed and have not been able to clearly explain Sino-Indian relations. Therefore, the chapter has taken two theoretical frameworks to understand this complexity in their relations. The theory of complex interdependence has been taken to understand the increasing trade between China and

India and neo-realism to counter the arguments given by the liberal proponents. In the Sino-Indian case, when the issue of territory and national interests arise, economic activity and trade are kept on the back burner. Even though the Sino-Indian trade has increased significantly, the resolution of border and territorial disputes need a political solution.

India and China have managed in setting up Joint Working Group (JWG), Joint Economic Group (JEG) and CBMs to foster a quicker solution to the border problems. One of them has been the opening up of border trade. As a result, Shipki La Pass and Lipu Lekh Pass were opened for border trade after the closure of border in 1962. This acted as a confidence building measure at the ground zero where the actual problem occurred. These border trade posts which were opened in 1992 and 1994 respectively had, after the initial euphoria and enthusiasm, not really lived up to the expectations. As a result, border trade, as one of the CBMs, has not really worked in solving the border and territorial issues. These two border trade outposts were opened in the middle sector of Sino-Indian border where the borders are least contentious. Thus, the border trade has not improved as much as compared to when it was opened both in terms of trade and CBMs. In spite of the decreasing importance of the Shipki La and Lipu Lekh Pass, China and India have opened up their third border trade post through Nathu La in Sikkim. The fact remains that the trade continues while contentious border issues have remained unsolved.

Chapter 4

NATHU LA: OPENING UP AND ITS IMPLICATIONS FOR CHINA AND INDIA

I. INTRODUCTION

The Nathu La reopening in 2006 heralded a new epoch in the Sino-Indian relations as far as border trade and sovereignty issues regarding Sikkim are concerned. Nathu La was reopened after a gap of 44 years since its closure post 1962 Sino-Indian War.

The Fourth chapter flows from the previous chapter where the mechanisms for border resolution and other related problems have been discussed. Nathu La was opened as one of the Confidence Building Measures (CBMs) in order to boost the border talks on the lines of Memorandum of Maintenance of Peace and Tanquility which was signed in 1993. This chapter deals with the case study of Nathu La through a historic prism, reopening and its impact upon the larger border talks and resolutions. How the Nathu La Pass and the subsequent trade through it will have a larger impact upon the sovereignty issues between the two countries.

The Chapter is divided into four sections. The first section examines the geographical location and an historical background of the Nathu La. Nathu La pass was a closed following the Sino-Indian War of 1962 and it was opened only in 2006. The second section looks into the diplomatic procedures leading to the opening up of Nathu La in 2006. The opening up of Nathu La in 2006 had a diverse impact on both India and China. The third section examines the impact of opening up of Nathu La on both sides of border i.e China and India respectively. Since Nathu La was opened as one of the CBMs in border talks and resolutions, the fourth section assesses the implications of opening up of Nathu La for the border dispute and border negotiations.

II. NATHU LA: GEOGRAPHICAL LOCATION AND AN HISTORICAL BACKGROUND

Nathu La lies at the altitude of 4,328 metres above sea level making it one of the highest mountain highways of the world. It connects the Indian state of Sikkim with the Tibetan Autonomous Region. The nearest town on the Indian side is Gangtok which is 56 km from Nathu La and on the Chinese side—the nearest town is Yadong which is about 52 km from Nathu La and it is about 400 km from the Tibetan capital, Lhasa. It is one of the off shoots of ancient Silk Road routes connecting the Indian

sub-continent with the larger Asian countries starting from Tibet to China to Mongolia. The pass is opened from April to October and today it has one of the best roads between China and India.

Figure 1.2 Map of Sikkim and the Nathu La.



Source: Compare Infobase Pvt. Ltd.

Today when one looks at the dynamics of Nathu La both as a trading post and its strategic location, it has been born out of its rich past history. Nathu La owes its growth to the British colonial empire. The trade at Nathu La and its surrounding areas was not a new phenomenon. The British entered into Sikkim in 1817 with the signing of Treaty of Titalia (Grover 1974: 16). The British came into Sikkim with the twin interests of security and trade with Tibet (Grover 1974:15). The British calculated that Sikkim was geo-strategically important. It provided them with the shortest distance to Lhasa. It is worth mentioning here that distance from Lhasa to Sikkim was a mere 520 kilometres whereas through Kathmandu, it was 1000 kilometres. More so, passes through Sikkim were easily traversable and negotiable. The Treaty of 1861 between Sikkim and British India was signed on March 28 at Tumlong—the then capital of Sikkim which made it the de facto protectorate of the British. In its 21 Articles, it also gave the Government of India (the then British India) right to construct roads through Sikkim right up to the Tibet border (Grover 1974:20).

Following this development, in 1873 the British India deputed John Ware Edgar, Deputy Commissioner of Darjeeling to investigate a possibility of trade with Tibet. He left Darjeeling on 23rd October and travelled through Darjeeling hills and through Sikkim (Kuloy 1969: 1). Through his travel report, few points are worth mentioning which show that trade through Nathu La and its twin pass of Jelep La was not a new thing and for centuries the people on both sides of Tibet and Sikkim have been using them to cross over for trade. Edgar remarked when he camped at a place called Keu Laka where he met a family of herdsmen; “these people belonged to a numerous class who during the summer months live in the valley of Tibhet²⁶. When the snow begins to fall on the uplands, they drive their sheep and cattle to the lower slopes of Sikkim.”²⁷

He also talks about meeting some Tibetan traders who have crossed over from Jelep La and were proceeding towards Darjeeling (Kuloy 1969: 3). It is therefore interesting to note here that more than trade these passes were used by herdsman from both Sikkim and Tibet for grazing. In those days Jelep La was used frequently both for trade and for the passage of animals. From the description given by Edgar, the border looks properly demarcated even in 1870s. When he visited Jelep La, he observed that: “The boundary was marked by several cairns of stones, on one of which was an oblong board with a Tibetan inscription on one side stating that it showed the point where the boundary between Sikkim and Tibetan crossed the Jelep La” (Kuloy 1969:13). The outcome of Edgar’s visit to Sikkim and Tibet border was the construction of road through Sikkim.

In 1886, the Government of India in continuance with its objective of exploring a possibility of trade with Tibet and also a possibility of promoting commercial intercourse with Tibet sent a mission under Colman Macaulay—the Secretary to the Government of Bengal to Tibet (Grover 1974:24). The mission was however withdrawn due to the wishes of the Chinese. Shortly after the mission left Tibet, the Tibetans occupied a strip of land south of Jelep La called Lingtu which belonged to Sikkim and also constructed a stone fort which commanded the road between India and Tibet. British India could not afford to lose this strategic strip of land and in 1888

²⁶ Edgar in his travel journal uses Tibhet for Tibet. When one looks into the old documents Tibet has been spelt in many different ways.

²⁷ Similarly Edgar uses Sikkim in place of Sikkim.

British India sent a military expedition which culminated into Anglo-Tibetan War of 1888 and drove Tibetans out of Lingtu. The defeat of Tibetans further cemented British influence in Sikkim and in 1890 Anglo-Chinese Convention was signed. The March 17, 1890 Convention signed at Calcutta by Lord Lansdowne, Viceroy and Governor General of India and Amban Shen Tai–Imperial Associate Resident in Tibet officially laid down border between Sikkim and Tibet (Grover 1974:24).

The Convention laid down that the boundary between Sikkim and Tibet shall be the crest of the mountain range separating the water flowing into the Sikkim Teesta and its affluent from the water flowing into the Tibetan Mochu and northwards into other rivers of Tibet (Grover 24). The border demarcation between Tibet (China) and Sikkim (India) in these areas today follow the Anglo-Chinese Convention of 1890.

The signing of Anglo-Chinese Convention of 1890 resulted in the proper demarcation of border further led to the signing of the Trade Regulations in 1893. This regulation was the first official agreement related to trade. The December 5, 1893 Trade Regulations was signed at Darjeeling by A.W. Paul for the Government of India and Ho-Chang Jung for China (Alexandrowiez 1956: 130). The regulation officially provided for the establishment of a trade mart at Yatung on the Tibetan side and this mart at Yatung was opened in 1894. The British subjects were given liberty to travel till Yatung (Bell 1924: 282).

The Anglo-Chinese Convention of 1890 and Protocol/Regulation on Trade of 1893 was seen by the Tibetans as imposed upon them by the Chinese as Tibet was not party to the convention. Tibet, therefore, by frequently violated the Agreement to signify that it was not bound by these agreements. In 1894 the British led by J.C.White–British Political Officer in Sikkim in consultation with the Chinese, a joint boundary commission to demarcate the boundary. Since the Chinese and the Tibetans did not show up at the border, White erected a boundary pillars on Jelep La (Grover 1974:26) and the surrounding areas. In June 1903, the British government sent an expedition to Tibet under the leadership of Colonel Francis Younghusband. The expedition reached Lhasa and subsequently the Lhasa Convention of 1904 was signed. The Convention recognised the boundary between Sikkim and Tibet as one underlined by Anglo-Chinese Convention of 1890 and it also recognised British commercial rights in Tibet underlined by the Trade Regulations of 1893. It allowed the British to trade in Yadong, Gyantse and Gartok. The Article 2 of the Convention specifically highlights that: “The Tibetan Government undertakes to open forthwith trade marts to which all

British and Tibetan subjects shall have free right of access at Gyantse and Gartok, as well as at Yatung. The Regulations applicable to the trade mart at Yatung, under the Anglo-Chinese Agreement of 1893, shall, subject to such amendments as may hereafter be agreed upon by common consent between the British and Tibetan government, apply to the marts above mentioned. In addition to establishing trade marts at the places mentioned, the Tibetan Government undertakes to place no restrictions on the trade by existing routes and to consider the question of establishing fresh trade marts under similar conditions if development of trade requires it”²⁸.

The Lhasa Convention of 1904 was not final as assent of the Chinese was needed. This paved the way for the signing of the Convention between the United Kingdom and China respecting Tibet, popularly called the Peking Convention signed on April 27, 1906 (Grover 1974:27). This Convention made the Anglo-Tibet Convention of 1904 binding. The basic conclusion of both these Conventions was that they successfully accomplished the objective of British India to have trade with Tibet through Sikkim.

Historically, Jelep La which lies to the south of Nathu la used to be the more frequently used pass both for trade and communication. This was due to close proximity to Darjeeling and Kalimpong—both of which were under the British control. Apart from Nathu La and Jelep La, the third pass which lies to the north of Nathu La is the Cho La. This pass leads more directly to the Chumbi valley in Tibet and it was the main route from Sikkim to Tibet used frequently by the royal family of Sikkim to cross over to Tibet (Risley 1894: 3). From 1893 Jelep la developed and evolved under limited scale as a trading hub while on the other hand Nathu La was used more as a diplomatic crossover (Wangchen 2013: 2). It was only in the 1950s that traders based in Sikkim made a formal representation to Prime Minister Jawaharlal Nehru to open Nathu La for traders from Gangtok as Nathu La is more easily accessed by Gangtok. Apart from trade, Nathu La was used by many eminent personalities to cross over the borders. In November 1956 and February 1957, the present Dalai Lama used it to travel to India and return to Tibet when he had come to attend the 2500th Buddha Jayanti at Bodh Gaya. In 1958, Jawaharlal Nehru accompanied by his daughter Indira

²⁸ “Convention between The United Kingdom And China Respecting Tibet (1906)”, Treaty Series No. 9, 1906. Accessed 18 May 2017 URL:<http://treaties.fco.gov.uk/docs/fullnames/pdf/1906/>

Gandhi and Palden Thondup Namgyal—the then Prince of Sikkim used Nathu La to cross over into Bhutan when he visited Bhutan and Sikkim.

III. DIPLOMATIC PROCEDURES LEADING TO THE OPENING UP OF NATHU LA IN 2006

The 1962 Border incident typically closed all the doors for further border negotiations and even the border was sealed off. It was only in the 1980s that the negotiation on border and border talks to be precise started. The progress in bilateral relations remained limited due to the unresolved border issue. Even China's refusal to recognise Sikkim as an integral part of India after its merger with India remained an irritant in Sino-Indian relations. The opening up of Nathu La as a third border trading point came about with the turn of the 20th Century.

The idea of opening up of Nathu la was reiterated by India way back in 1993 when Shipki La and Lipu Lekh were being opened. However, due to differences with China particularly its reluctance to recognise Sikkim as an integral part of India. This resulted in Nathu La remained closed in spite of passes in Himachal and Utrakhand being opened.

Following Sikkim's merger with India in 1975, the people of Sikkim wanted the trade route through Nathu La to be opened for economic activities. The state government had, on numerous occasions, sent memorandum to the Central government for the reopening of the Nathu La. In fact, the ruling government of Sikkim had seen the opening up of Nathu La as an opportunity to the people of Sikkim both in terms of economy and tourism. Even the business community headed by the old settlers whose ancestral forefathers had been the ones running the trade through Nathu La before its closure in 1962, forwarded a memorandum to the Prime Minister's office for the reopening of the Nathu La.

The reopening of Nathu La began to take shape by the beginning of new millennium. The year 2000 marked the 50th anniversary of the establishment of diplomatic relations between India and China. The occasion was marked by visit of the President of India K.R Narayanan to China from 28th May to 3rd June. His visit culminated into the exit of ghost of nuclear test where India argued that China was a threat. The relations once again began to develop. Apart from the warm reception accorded to the President of India. He met with entire top leaders of China both from provinces and cities—

President Jiang, who is General Secretary of the Communist Party of China and also Chairman of the Central Military Commission, and his official team, which included Vice Premier Qian Qichen and Foreign Minister Tang Jiaxuan; former Prime Minister Li Peng, who is Chairman of the Standing Committee of the National People's Congress and the second ranking party leader; Premier Zhu Rongji, also a top party leader; and two other important party leaders, Li Ruihan, Chairman of the Ninth National Committee of the Chinese People's Political Consultative Conference; and Vice-President Hu Jintao, the youngest member of the Politburo's Standing Committee (Ram 2000). As always, the boundary issues featured in the Sino-Indian negotiations. President Narayanan pressed for greater speed in completing the Stage 1 of the boundary resolution process which included the task of delineating the Line of Actual Control (LAC).

Following his visit to China, Tang Jiaxuan, the then Chinese Foreign Minister visited India at the invitation of the Indian External Affairs Minister. There was an agreement that the two sides would expedite the process of clarification and confirmation of the Line of Actual Control in the India-China border areas. Both sides also agreed to raise the level of the Bilateral Security Dialogue to Assistant Foreign Minister/Additional Secretary. The 12th Meeting of the Joint Working Group on the Boundary Question was held on 28th April, 2000. The meeting reiterated that both the sides would exchange and show the maps of the LAC as perceived by them respectively in the middle sector. Subsequently, in the month of November wherein the 8th India-China Expert Group of Diplomatic and Military Officers, a sub-group of Joint Working Group (JWG) took place. The exchange of maps as reiterated in the 12th JWG took place and maps were showed and exchanged by both the sides. They also reiterated their commitment to the maintenance of peace and tranquillity in accordance with bilateral agreements signed in 1993 and 1996.

The year 2000–2001 also saw the other high level visit. Pramod Mahajan, Minister of Information Technology visited China from 15–21 July, 2000, Dr. Satyanarayan Jatiya, Minister for Labour visited China from 26–30 September, 2000, Murli Manohar Joshi, Minister for Human Resources Development visited China from 4–7 November, 2000. Apart from cabinet level visit, there were many secretary level exchanges. Of course, these visits were not related to border issues or border trade but they undoubtedly had a profound impact on the ongoing negotiations on solving of

border disputes and China's subsequent recognition of Sikkim as an integral part of India.

Li Peng, Chairman of the Standing Committee of China's National People's Congress visited India in 2001. Li was the Prime Minister in 1993 when the two countries signed the agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control. Li Peng, prior to his departure from Beijing reportedly had said: "I hope that, in the spirit of mutual understanding and mutual accommodation, this issue can be resolved. Of course, given its complexity, it requires patience and right conditions for its settlement", (the issue) "will be resolved so long as the people and the leadership of our two countries all sincerely hope for a solution". "I will be very much satisfied if my visit will contribute in some way to its settlement,". These comments on the border issue somewhat signal to the larger context that China was ready for some hard bargaining or a kind of some give and take negotiations.

This culminated into the recognition of Sikkim as an integral part of India when Jaswant Singh visited China in 2002. The External Affairs minister took up the issue of Sikkim with his counterpart, Tang Jiaxuan. He was assured that China will look into the matter and its policy will be announced when the Chinese Premier visits India (Shukla 2007: 271).

In April 2003, when the then Prime Minister of India, Atal Behari Vajpayee visited the state of Sikkim, the government of Sikkim headed by Pawan Chamling submitted a memorandum which reiterated and also included the early opening of Nathu La.

In June 2003, Atal Behari Vajpayee visited China. Prime Minister Vajpayee and Chinese Premier Wen Jiabao signed the Declaration of Principles for Relations and Comprehensive Cooperation between the People's Republic of China and the Republic of India. Apart from this agreement, nine other agreements were signed which included the Memorandum on Expanding Border Trade that provided for the formal reopening of Nathu La as a border trade pass between India and China.

The June 23, 2003 Memorandum on Expanding Border Trade reiterated with the view of promoting the development of friendly relations between the two countries. The memorandum declared the opening up of third border pass through Nathu La while adhering to the Memorandum signed in 1991 and 1992, that is the Memorandum on Resumption of Border Trade signed on 13 December, 1991 and Protocol on Entry and Exit Procedures for Border Trade signed on July 1, 1992 (Das 2006: 1). The 2003 Memorandum agrees that the two sides will designate Changgu in Sikkim and

Renqinggang in the Tibetan Autonomous Region (TAR) as the venue for border trade market (Article 1). The Article 2 of the memorandum posits that the two sides will use Nathu La as the pass for entry and exit of persons, means of transport and commodities engaged in border trade.

The two sides agreed to appoint a special representative to explore the framework of a boundary settlement as soon as possible. India regarded the agreement as an indication that China has accepted Nathu La as the border between the two countries and by default, Sikkim as part of India.

The signing of this agreement that is the Memorandum on Expanding Border Trade raised enthusiasm on both the sides of the border. The Sikkim state government, in consultation with the Indian Central Government constituted a high level Nathu La Trade Group, which was led by Professor Mahendra P. Lama of the Jawaharlal Nehru University. (This detailed study group has been explained in detail).

Initially Vajpayee government had planned to open Nathu La in July, 2004. The period 2003-2004 saw six rounds of border talks. China and India had appointed special representatives for border negotiations in 2003. The Chinese Vice-Foreign Minister Dai Bingguo and the Indian National Security Advisor Brajesh Mishra met in Delhi on October 23 and 24, 2003 and later in Beijing on January 12 and 13, 2004. However, the parliamentary elections of May 2004 which saw the coming of UPA to power led by the Indian National Congress and the defeat of Bharatiya Janta Party, the reshuffle in the government also meant a reshuffle in the Nathu La opening plans. The new government after much pondering announced that Nathu La will be opened a year later than the one officially scheduled. Kuei-Hsiang Hsu—Counselor and Acting Director of the Department of Compilation and Translation Affairs, National Chengchi University gave three reasons for the postponement of the opening of Nathu La. He stressed that the first reason was the change of government in India. He argued that the opening up of Nathu La was initiated by the old government headed by the BJP. Having been a long term opposition, the new government headed by the Congress needed time to assess and explore it carefully and to take a careful decision. The second reason he gave was that of the security. The doubts and suspicion on both the sides of the border should never be forgotten. India had always perceived China as a threat since the 1962 war. The doubts of Indian army as Hsu argues cannot be ignored. India has been in state of suspicion when the Chinese constructed a road in the south-western side of Tibetan Autonomous Region. The Indian army believes that

the two roads are hard-surfaced, which would open up military tank traffic and this might pose a threat to India's security. Another angle relating to security was that the opening up of Nathu La might open a way for the Chinese to enter into Bengal. The third reason was the problem of infrastructure at Nathu La. The infrastructure was not developed fully to cater to the huge inflow and outflow of goods. Moreover, the roads were also not fully functional or were poor. Therefore, the new government wanted time to place all these into one pack before the pass is officially opened.

Following the reshuffle of Indian government in May 2004, the United Progressive Alliance (UPA) formed by the Congress Party announced the appointment of National Security Advisor J.N. Dixit as special representative for border negotiations on June 1. Dixit had two rounds of negotiations with the Chinese side, the first one in Delhi on July 26 and 27, 2004, and the second one in Beijing on November 18 and 19, 2004. Following the death of Dixit on January 3, 2005, the Indian government appointed former Intelligence Chief M.K. Narayanan as successor to Dixit on January 25 and he met with the Chinese side for the fifth and sixth rounds of talks on April 10 and September 26 and 27, 2005 respectively.

The fifth round of border talks on April 10 took place when Wen Jiabao was on a state visit to India. On his visit, India and China made a Joint Statement on the establishment of strategic partnership for peace and prosperity. China and India also signed the *Agreement on Political Guiding Principles on Solving the Border Issue*. The agreement reiterated that the differences on the boundary question should not be allowed to affect the overall development of bilateral relations (Article 1). Article 4 reiterates that the two sides will give due consideration to each other's strategic and reasonable interests. Apart from strategic and reasonable interests, both sides also reiterated that historical evidence, national sentiments, practical difficulties, reasonable concerns, sensitivities and most important the actual state of border areas (Article 5). Article 7 of the agreement also refers to the settled populations along the border and that both the sides shall safeguard their interests²⁹. This is quite important

²⁹ Ministry of External Affairs (2005), Government of India, "Agreement between the Government of the Republic of India and the Government of the People's Republic of China on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question", Accessed 22 May 2017 URL: <http://www.mea.gov.in/bilateral-documents.htm?dtl/6534>

as border trade is primarily facilitated for the well being and benefit of the local population.

After the initial postponement of opening up of Nathu La, the Indian government was ready with the opening up of Nathu La by 2005. However, Sun Yuxi, Ambassador to India noted that the re-opening of Nathu La has to be deferred by a year until middle of 2006. He said on September 6, 2005 that, “experts from both sides would meet to discuss issues like connecting roads and setting up facilities relating to customs, immigration and related issues”. The communication of deference of the opening up of Nathu La was conveyed to the Sikkim state government on September 27, 2005. The main reason for the deferment of the re-opening of Nathu La was the unfinished infrastructure development on the Chinese side. The weather conditions which would soon cover the Nathu La with snow were also taken into considerations.

Much to the annoyance of the local people who would be directly benefitted from the re-opening of the pass, the opening of Nathu La was being deferred from time to time. The opening date was originally in July 2004, which was changed to late September 2005, and then to October 2, 2005 and then to early 2006 which was then shifted to mid-2006.

Christy Fernandes, the then Additional Secretary in the Ministry of Commerce and Industry, Government of India, in order to implement the Memorandum on Expanding Border Trade signed in 2003 visited Lhasa from 17–20 June, 2006. The Chinese side was led by Mr. Hao Peng, Vice Chairman of the People’s Government of the TAR. Both the sides reached an agreement to open the Nathu La on 6 July, 2006, and it was finally opened after a gap of 44 years. As per the agreement reached between the two nations at Lhasa, Apart from the articles reiterated in 2003 memorandum, the two sides agreed that the border trade through Nathu La would resume from 6 July, 2006, the border trade mart remain open from 1 July to 30 September every year from Monday to Thursday from 7.30 am to 3.30 pm Indian time and 10 am to 6 pm Chinese time and lastly a permit fee of Rs 50 each would be levied for every vehicle entering Sikkim from China and 5 Yuans would be levied on every vehicle crossing over to Chinese side of trade mart which is located at Renquinggang. The agreed minutes of the meeting also carried a detailed procedure on issues pertaining to exit and entry of border traders, import and export of goods, supervision over means of transport, entry and exit of drivers and cleaners, and list of items to be traded.

Recognition of Sikkim as an integral part of India

Sikkim, after its merger with India in 1975, has been seen with a critical perspective by the Chinese. They have never recognised Sikkim as part of India and, in fact, they considered Sikkim as a sovereign state and in the Chinese version of its official map, Sikkim was shown as an independent nation. The diplomatic tug-of-war of the recognition of Sikkim as an integral part of India has been on between China and India for more than three decades. Even when Vajpayee reiterated in 2003 that China should recognise Sikkim as an integral part of India. China was cautious in its approach and did not fully and completely jump to a conclusion. This was keeping in mind the atmosphere within the Chinese domestic politics as the CPC leaders did not want to anger the hardliners in Beijing (Hsu 2007: 8).

The signing of the Declaration on Principles for Relations and Comprehensive Cooperation between the PRC and the Republic of India did not confirm China's tacit recognition of Sikkim as an integral part of India. It was only during the ASEAN Summit in Bali that the Chinese informed the Indian about the removal of Sikkim from the Chinese website and Chinese maps which showed Sikkim as an independent country. This by default meant that Sikkim was no longer a separate nation and that China recognised Sikkim as an integral part of India. On the part of India, it wanted Chinese to officially declare its stand on Sikkim. Keeping the bilateral relations in mind, on April 1 the Chinese Ambassador to India Dun Yuxi remarked that Sikkim is an integral part of India. China has taken steps to reflect this view in all its official maps and website.

During the visit of Wen Jiabao to India, he presented to the Indian government with the new map that showed Sikkim as part of India. The Indian government and Sikkim state government welcomed the move of the Chinese. The then Foreign Secretary Shyam Saran displayed the map before the media to triumphantly claim that Beijing had 'recognised' Sikkim as part of India. He was followed by Manmohan Singh, who told the Lok Sabha on April 20, 2005: "During my meeting with Premier Wen, he stated that China regarded Sikkim as an 'inalienable part of India' and that Sikkim was no longer an issue in India-China relations." The recognition of Sikkim as an integral part of India boosted the pace of re-opening of Nathu La which otherwise was going at a snail's pace and bought the resumption of border trade back on the track. In

fact recognition of Sikkim as an integral part of India was one of the pre-requisites of opening up Nathu La.

IV. POSSIBLE IMPACT OF OPENING UP OF NATHU LA ON BOTH THE SIDES OF THE BORDER

The opening up of Nathu La would have a profound impact both within India and China. As far as China is concerned, the re-opening of Nathu La is expected to bring once again into limelight the region of Tibet from a trade and economic perspective. It would boost the Great Western Development Strategy of China. Since 1999, the Chinese government implemented a new policy and measures which included providing preferential policies to the backward western region, in terms of taxation rates, land use rights and favourable bank loans, and facilitating huge fiscal transfers to western China. The government has also invested heavily on western transportation and other means of infrastructure improvement. This was due to the huge inequality both in terms of development and income differences. The Chinese model of development under Deng Xiaoping saw a huge preferential development strategy during the opening up period, wherein coastal areas were developed first. This led to an unequal regional economic development and this problem has been a source of concern for the various Chinese leaders.

The Great Western Development Strategy (GWD) was initiated in 1999 and it included development of the western regions of China. It comprised six provinces namely; Gansu, Guizhou, Qinghai, Shaanxi, Sichuan and Yunnan, five autonomous regions namely; Guangxi, Inner Mongolia, Ningxia, Tibet and Xinjiang, and one municipality of Chongqing. If one looks from political perspective, it targets ethnic minorities and their development. This can be seen from security aspect of China as these ethnic minorities have been a source of problem and embarrassment for China both domestically as well as internationally.

The re-opening of Nathu La is hoped to provide an impetus to the GWD strategy. According to Prof. Mahendra Lama, “the major driving force for China to open its border for more trade and investment is the need to bring its own periphery provinces, mainly the western region, into the national mainstream (Singh 2013: 2)”. The limited access to sea has been a problem for the entire western part of China. The entire part of the Western China depends upon the port of Tianjin which is about some 5000 kilometres from Lhasa. The opening up of Nathu La will mean that Tibet

can use the Kolkata port which is only 1200 km from Lhasa. This would make Tibet as a connecting vein between Western China and the larger world. It would also attract greater foreign investment in Tibet as well as in Western China.

Moreover, Tibet Autonomous Region since its incorporation into China had always been the bedrock of controversy. Tibetans have been accusing the Chinese government of gross violations of human rights and infringing upon their religion and cultural norms. The presence of Chinese in Tibet had been challenged and their legitimacy over Tibet had always been a source of controversy. The Communist Party of China and the Chinese government have been faced with embarrassment and criticism from many nations of the world especially led by the Western developed countries. As such, the opening up of Nathu La would benefit these ethnic minorities by improving their economy through trade. The economic development and well being of these ethnic minorities would build upon the legitimacy of CPC's rule in these areas. The policy of gaining legitimacy through development strikes right across the opening up of Nathu La. This also flows from the policy that China has always been trying to solve the problems in Tibet through economic development. The CPC follows the policy of economic well being to gain legitimacy of its party's rule in China. The opening up of Nathu La would make Tibet as an artery and as a connecting point between the north and the south. As such it would gain a lot from Nathu La. The Qinghai-Tibet Railway which connects Tibet with mainland China and opening up of Nathu La and its connection with Kolkata port would mean that in future Tibet becomes the base for economic and trade activities between hinterland China and South Asia. It would be an exaggeration but if one sees the 21st century as Asian Century then Tibet becomes the base through which China and India trade and Nathu La would play an important part.

The re-opening up of Nathu La also cuts down the time of freight transportation between India and TAR. As both the border passes at Lipu Lekh and Shipki La between India and China run through a very harsh terrain and the roads and infrastructure are not developed fully. The freight from India have been going through Nepal and then through the border pass of Zangmu. The opening up of Nathu La would mean that the passenger and freight would no longer have to go through Nepal. In addition over the development of trade at Yadong would also take place for the benefit of the local people.

On the side of Indian border, the impact of trade is considered substantial. The initial impact is on the state of Sikkim. Today, Sikkim has already been recognised as an organic state and as such there would be a huge market for agriculture in Tibet. Though only 15 percent of the total geographical area of Sikkim is utilised for agriculture, yet, over 60 percent of the population is involved in agriculture. The major crops grown are rice, maize, cardamom, vegetables and fruits. Sikkim is the largest producer of cardamom in India. Due to its geographically location, Tibet is a dry region and agriculture is not well developed. Therefore, Sikkim being closer to Tibet with the opening up of Nathu La, there would be a huge surge in demand for agriculture products from Sikkim and this would be highly beneficial for the people of Sikkim. The high value commodities such as horticulture and floriculture which have seen a rising trend in Sikkim will also be in demand. The agriculture market and demands will spill over into the neighbouring places such as Darjeeling hills and Assam as well. These places produce a large quantity of tea and the opening up of Nathu La provides them with new markets.

The opening up of Nathu La will also boost the manufacturing and industrial base of Sikkim. Though Sikkim today lacks industries, there are many new small to medium scale industries coming up in Sikkim which are owned by both state and private enterprises. The small scale industries especially wool and silk based industries have a rich potential to grow. Raw wool and silk from China are considered to be one of the finest. The Nathu La pass would be a gateway to import these raw materials which otherwise were seen to be dying their own death. Handicrafts have been one of the traditional and oldest industries in Sikkim and same applies to the entire North Eastern states of India. Carpets, bamboo products and paintings which have high value in China would be exported through Nathu La.

The third aspect upon which the opening up of Nathu La will have impact in Sikkim is tourism. The tourism industry today is one of the most booming industries generating number of employment opportunities both directly and indirectly. It is one of the core revenue generators as far as state of Sikkim is concerned. In 2005–06, about 3 lakh tourists visited Sikkim. By the year 2016, this figure has doubled with a total of 740763 domestic tourists and 66012 foreign tourists visiting Sikkim³⁰. Among

³⁰ Ministry of Tourism, Government of India (2012), "Tourism Survey Report for the State of Sikkim (June 2011-May 2012), Accessed 11 Mar. 2017 URL:

the contributors of foreign tourists, USA was the highest contributor with about 21 percent followed by the UK with 12 percent. China and Russia together contributed only 0.8 percent³¹. This may be attributed to the fact that mainland Chinese nationals are not permitted into Sikkim and only Taiwanese born Chinese are allowed. Nonetheless, the opening of Nathu La would surely open up Sikkim as a tourist hub.

Already the tourism sector has been impacted as the Kailash Yatra has been officially opened through Nathu La. Thousands of Hindu pilgrims visit Mansarovar through trekking Pithogharh-Nepal route which takes a long time to reach and the terrain is also dangerous and risky. The route through Nathu La is motorable and it is only 500 kilometres from Nathu La. This makes the pilgrimage easy and comfortable.

Sikkim and Tibet share a huge cultural similarity in the form of Tibetan Buddhism. Therefore, Nathu La will act as a gateway to the monasteries on both the sides of the borders and also to visit the Buddhist holy site of Bodh Gaya and the adjoining places. Even though they are allowed in limited number, the future has a great potential for the development of tourism industry.

Many experts also argue that the economic development brought about by the tourism industry in Sikkim has played a pivotal role in bringing the Sikkimese people closer to the mainstream Indian population, thereby furthering national integration without the use of force.

Nathu La Trade Study Group

In 2004, the Government of Sikkim initiated and commissioned a high level team i.e The National Advisory Board to study the various issues and to explore the advantages related to the opening up of Nathu La and trade between Sikkim and TAR. It was led by Professor Mahendra P Lama of Jawaharlal Nehru University who also served as an advisor to the Chief Minister of Sikkim. The team was advised by a very eminent set of public figures and experts drawn from various fields³².

<http://tourism.gov.in/sites/default/files/Other/Sikkim%20tourism%20Final%20Report%2019th%20July.pdf>

³¹ Tourism and Civil Aviation Department, Government of Sikkim (2017), “Statistics of Tourist Arrival in the State of Sikkim”, Accessed 22 May, 2017 URL: <http://www.sikkimtourism.gov.in/Webforms/General/DepartmentStakeholders/TouristArrivalStats.aspx>

³² The National Advisory Board consisted of the following members: Chairman: Professor Muchkund Dubey, former Foreign Secretary, Government of India and President, Council for Social Development,

The team conducted a comprehensive survey across Sikkim, Tibet and also in border passes of Shipki La and Lipulekh. The team also examined various historical documents and manuscripts. It made field visits to trading places such as those in Nepal-Tibet borders, Moreh-Tamu border between Manipur and Myanmar, and Petrapo-Benapol border between West Bengal and Bangladesh. The group also held high level discussions with officials of Tibetan Autonomous Region Government on trade, customs, transport, communications, infrastructure and tourism. The study group submitted its report which was titled, “Sikkim-Tibet Trade via Nathu La: A Policy Study on Prospects, Opportunities and Requisite Preparedness” in 2005. This report is important because it was one of the most extensive studies done before Nathu La was opened up, highlighting the parameters through which we can measure the initial euphoria and enthusiasm of opening up of Nathu La and the promise it brought and where it stands today. Moreover, the study gives a road map with new knowledge and information.

The study group presented two scenarios for trade volume projections. The scenario 1 which projects higher trade flow through Nathu La; Rs 206 crores by 2007, Rs 2266 crores by 2010 and Rs. 12, 203 by 2015. The scenario 2 projects trade at lower flow; Rs. 353 crores in 2010, Rs. 450 crores by 2015 and Rs. 574 crores by 2020.

Apart from highlighting the impacts of opening up of Nathu la, the report also presents some interesting suggestions. These include the period 2005 to 2010 will be an initiation of trading years wherein both the countries will depend upon the existing infrastructure. These years will see a wider and deeper building of infrastructure and facilities. The year 2010 will mark the trading at a larger scale based on the upgraded facilities and infrastructure development. 2012 will mark the integration of trade with tourism and fresh bilateral framework needs to be concluded. Following this, 2015 will mark the inclusion of freight movements from neighbouring countries such as Bhutan, Nepal and Bangladesh. From 2018 onwards, it will mark the integration of

New Delhi and Vice Chairman, Sikkim State Planning Commissions. Members: Mr. O.K Balraj, Vice President, Finance, New Business Development Group, Dr. Veena Jha, Project Coordinator, UNCTAD, Mr. C. V Ranganathan, former Ambassador to China and former Convenor, National Security Advisory Board, Mr. Prabir Sengupta, Director, Indian Institute of Foreign Trade, Mr. S. Sen, Deputy Director General, Confederation of Indian Industry, New Delhi and Prof. Patricia Uberoi, Director, Institute of Chinese Studies, Delhi

SAARC tourism and borders will be opened for all the tourists from these countries for passage.

Today when one looks at the initial euphoria in opening up of Nathu La and the promises it brought, they seem to be far from reality. The trade at Nathu La is moving at a snail's pace, though it is increasing but the potential of the Nathu La has not been fully tapped. The Nathu La Trade Study Group provided comprehensive details along with its study. It has failed on a number of issues. For example, it outlines from macro perspective and in that sense it fails to look at the micro level. Thereby, neglecting the social and economic conditions at the ground level. The projected trade by the Nathu La Trade Study Group has also failed. The actual trade has been far below than the one projected by the study group. Except for the increase in domestic tourism, all the other aspects from infrastructure development to road building have all remained stagnant.

One of the main reasons for the low trade has been the problem of tradable items. The main items which can be traded through Nathu La have been regulated by the government. The table below shows the list of items.

Many argue that the items given in the two tables below are outdated and need to be reviewed in order to increase trade. New items should be added to increase the volume of trade through Nathu La. Yang Guoliang, Head of the Commerce and Foreign Trade Department of TAR remarked that: "India should cancel the outdated and restricted list of commodities it allows to be traded through the mountainous Nathu La pass in Sikkim". He also argued that: "the Indian government has made a products list which is still the same as it was in the 1950s. It's not suitable to today's market environment. We hope Indian government will cancel the limit or we can have further discussion about it, so that we can provide products meeting people's demands and increase in trading opportunities". On the part of the Indian government, it also has its own reasons for restrictions in items to be traded at Nathu La. This is in keeping in view that the Chinese commodities will flood the Indian market especially in the north-eastern part of India. Though the Chinese goods are available in the region as of now but if a free flow of items is allowed, the degree of Chinese products in the Indian market will increase. The list of items to be traded was revised in 2012 due to repeated demands from the merchants from both the sides. The traders from Indian side can now import readymade garments, shoes, quilts/blankets, carpets and local herbal medicines from TAR. Similarly, the new revised list of items allowed

traders from Sikkim to export more items like processed food, flowers, fruits, spices, and religious products like beads, prayer wheels, incense sticks and butter oil lamps. The Indian Government's act of opening up of Nathu La has been a part of the Confidence Building Measures (CBMs) and seeks to cater to the locally available goods only. P.D. Rai, sitting member of Lok Sabha from Sikkim stated that: "We look at trade through Nathu La as a confidence-building measure; it is trading of goods available locally."

Table 1. Total Trade at Nathu La (in Crores).

S.NO	YEAR	EXPORT	IMPORT	TOTAL TRADE
1	2006	0.09	0.11	0.2
2	2007	0.28	0.07	0.35
3	2008	0.95	0.013	0.95
4	2009	1.35	0.029	1.38
5	2010	4.02	0	4.02
6	2011	3.72	0	3.72
7	2012	5.99	1.01	7
8	2013	7.75	1.17	8.92
9	2014	16.04	12.36	28.40
10	2015	60.25	11.04	71.30
11	2016	63.38	19.30	82.68

Source: "Trade from Nathu La Border in Sikkim", Press Information Bureau, Government of India, July 23, 2014. Quoted in Subba, Sanjaya Kumar and Rizal, Praveen (2013), "An overview on the exports-imports trend in cross-border trade through Nathu La Pass, Sikkim", *International Journal of Research in Computer Application & Management*, 3 (7), p. 126.

Table 1. List of 29 items that are exportable from India to China.

S.No.	ITEMS	S. No.	ITEMS	S.No.	
1.	Agriculture implements	15.	Tobacco	29.	Hardware
2.	Blankets	16.	Snuff		
3.	Copper Products	17.	Shoes		
4.	Clothes	18.	Kerosene oil		
5.	Coffee	19.	Stationery		
6.	Tea	20.	Spices		
7.	Barley	21.	Utensil		
8.	Rice	22.	Wheat		
9.	Flour	23.	Liquor		
10.	Dry Fruits	24.	Milk processed products		
11.	Vegetables Oil	25.	Canned foods		
12.	Dry and Fresh Vegetables	26.	Cigarettes		
13.	Cycles	27.	Local herb		
14.	Gur and Misri	28.	Palm oil		

Source: Sikkim: Exploring the New Frontiers (2007), Vol. 3, Information and Public Relations Department, Government of Sikkim, pp. 136-149

Table 2. List of 15 items that are importable from China to India.

S. No.	ITEMS	S. No.	ITEMS	S.No.	ITEMS
1..	Goat Skin	8.	Borax	15.	Sheep
2.	Sheep Skin	9.	Seaibelyipe		
3.	Wool	10.	Butter		
4.	Raw Silk	11.	Goat Kashmiri		
5.	Yak tail	12.	Common salt		
6.	China clay	13.	Horse		
7.	Yak hair	14.	Goat		

Source: Sikkim: Exploring the New Frontiers (2007), Vol. 3, Information and Public Relations Department, Government of Sikkim, pp. 136-14

Although the trade through Nathu La is increasing, full potential has not been attained. It has not reached the level projected by the Nathu La Trade Group Report which capped total trade at Rs. 2266 crores at the higher level by 2010. Infact, the total trade was just Rs. 4.02 crores in 2010. Even the report capping of Rs.450 crores at the lower level has not been achieved. Even the promised objective and framework given in the Nathu La Study Group Report has not been achieved. Though the trade through Nathu La is increasing as by 2016 it has reached 82.68 crores, it is very minimal. Even after a decade of the opening up of Nathu La, the trade and modus operandi remains same as in 2006.

V. THE REOPENING OF NATHU LA AND ITS IMPLICATIONS FOR THE BORDER DISPUTE AND BORDER NEGOTIATIONS

Primarily, the reopening of Nathu La after a closure of 44 years was one of the Confidence Building Measures (CBMs) across the hostile Sino-Indian border which has not been demarcated properly. Though reopening of Nathu La resulted in China recognising Sikkim as an integral part of India, it has never really solved the border problems just as Lipu Lekh and Shipki La's opening failed to do so.

The economic boom and high pace of development of China have given the Chinese leaders and government in general increased self-confidence. This is quite visible when China comes and deals with its strategic interests and activities in its peripheral areas. China is not going to hold back. When it comes to the issues of sovereignty and territorial integrity, the Chinese leaders are uncompromising. This flows from the Chinese policy of giving importance to the "core interest" which in China's case is the territory. The "core interest" traditionally included Taiwan, Tibet and Xinjiang. Of late the Chinese have added Diaoyu islands. 'Xinhua', the official Chinese news agency published an article which reiterated that growing economic and trade ties will not translate into good bilateral ties unless China's core interests are met and also acknowledged.

If that is the case then Sino-Indian border problems have a long way to go before they are solved. The reopening of Nathu La and movement of people across the borders will have a limited impact on the overall resolution of the border dispute. The Nathu La was reopened as one of the CBMs to provide impetus to trade to negate the ongoing border tensions and problems. However today the Sino-Indian border

problem remains the same and Nathu La, Lipu Lekh and Shipki La were opened as mere symbolic gesture.

On the part of India with the recent economic development and as an emerging economy, the Indian government has not backed down an inch when it comes to the border dispute. The humiliating defeat in the 1962 War still echoes in the minds of many of the policy makers. India holds its territory dearly and as such there has been a deadlock in border negotiations. Both China and India are nuclear powers and both have substantial military power though there might be a bit of asymmetrical in power relations. This contributes to the deadlock in border negotiations.

Figure 1.3 ‘Finger Point Area’ in North Sikkim



Source: The Telegraph, 2011.

Many argue that the reopening of Nathu La brought about a symbolic gesture in reiterating that China recognised Sikkim as an integral part of India and on the part of India, it recognised Tibet as an integral part of China. However, many scholars and researchers have argued otherwise. Alka Acharya argues that from a vantage point of 2008, recognition of Sikkim as part of India is yet to materialise—in de jure terms (Acharya 2008: 53). The 2006 opening of border trading post at Nathu La—on the Sikkim-Tibet border does not quite amount to a clear official position. Brahma Chellaney argues that, the Sikkim-Tibet border demarcation has been settled and as

such China did not have any issues regarding the 206 kilometres border (Chellaney 2013: 2). The Anglo-Chinese Convention signed in 1890 which demarcated the Sikkim-Tibet border had been accepted by the Chinese. In fact, this is the only stretch of border which is not in dispute between the two. However, after the opening up of Nathu La though China recognised Sikkim as part of India, it has not prevented China from dragging Sikkim's border, which was settled, into dispute. In 2008, China claimed the area in northern part of Sikkim—an area 2.1 square kilometre tract popularly known as the 'Finger Area'. The Chinese had also threatened to destroy the Finger Point Area's stone demarcations. It had also destroyed the makeshift Indian Army bunkers near Tibet-Bhutan-Sikkim tri-junction border. Moreover, China has never officially made any statement recognising Sikkim as part of India. It is just in one paragraph in trade related issues of 2005 Joint Statement that, reference to "Sikkim state of the Republic of India" is found. The trade related reference to Sikkim state of India becomes problematic because even in the 1954 Panchsheel Agreement gave reference to mountain passes and posts which the Indian Government miscalculated that China had recognised the Sino-Indian frontier, whereas China later argued that it had signed a border-trade accord and not a border accord. In 2008 alone the Indian Army has claimed that there have been over 70 intrusions in Sikkim.

The disputes and differences in border and frontier territories between China and India seem to be clear. When Nathu La was opened in 2006 as the third border trading point it was viewed as a sign of improved relations between the two. Just prior to the visit of Hu Jintao who was then the President of PRC to India, Sun Yuxi, the then Chinese Ambassador to India reiterated that: "the whole of the so-called state of Arunachal Pradesh is Chinese territory. Tawang is only one place in it. We are claiming all of that³³". In 2007, China again refused to give visa to a government official who hails from Arunachal Pradesh. The official was part of a 107 member delegation scheduled to visit China on a study tour. The Indian government protesting against this move cancelled the entire visit. China considers Arunachal Pradesh as part of the extension of Southern Tibet and considers it as South Tibet. The issue has become problematic and China claims its legitimacy from the fact that the 6th Dalai

³³ Comments immediately picked up in the wider Indian media; e.g. 'Close to Hu's Visit, China Claims Arunachal', *Hindustan Times*, November 14, 2006; 'Trust Deficit to Shadow Hu's Visit', *Business Standard*, November 20, 2006

Lama was born in Arunachal Pradesh in a town called Tawang. In 2008, with India accusing Chinese of intrusions in Sikkim, the then Indian Prime Minister and President visited Arunachal Pradesh and Tawang which was met by displeasure from the Chinese side. As a result China opposed loan from Asian Development Fund to India. The Chinese claimed that the fund would be used to finance projects in Arunachal Pradesh which they considered as a disputed area.

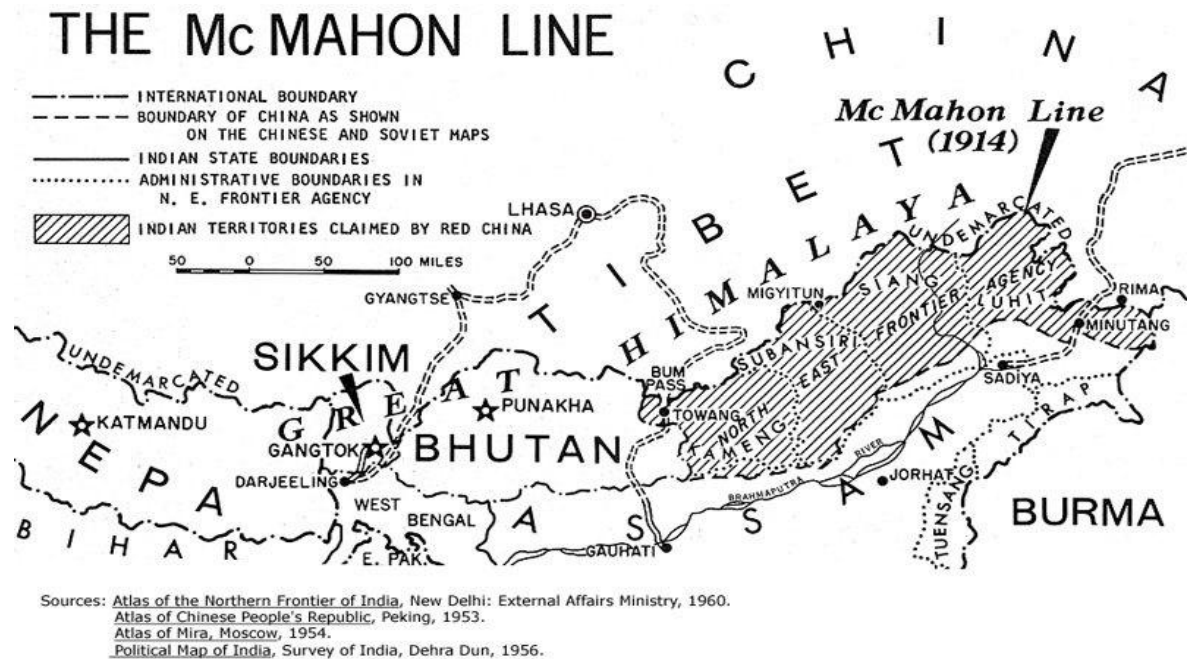
The 1993 the India-China Agreement for Maintenance of Peace and Tranquility along the Line of Actual Control (LAC) and the 1996 Agreement on Confidence Building Measures in the Military Field along the LAC notwithstanding, the LAC in Sino-Indian border has seen number of intrusions from both the sides. The problem with the LAC along Sino-Indian border is that it is not demarcated properly. The terrain and topography of the region makes it difficult to locate exactly where the border stands. This brings about a misunderstanding in the interpretation of the borders.

In 2010, the issue of visa again became problematic. The victim this time was India's Northern Army Commander who was denied a visit to China and Chinese government started issuing stapled visas to the residents of Jammu and Kashmir. China had continuously been protesting against any high level visit from the Indian government officials to the state of Arunachal Pradesh. In 2012, China opposed the then Indian Defence Minister's visit to Arunachal Pradesh. Similarly, in 2013 the Chinese protested Pranab Mukherjee, the Indian President's visit to Arunachal Pradesh.

The year 2013 saw a heightened intrusion near LAC. This started with the onset of spring beginning in April. A group of fifty soldiers from People's Liberation Army (PLA) had crossed the LAC from the northern part of Ladakh and pitched a three tent camp near Raki Nala. The Raki Nala lies about thirty kilometres from Daulat Beg Oldi which is India's military base camp. The Indian Army patrolling team discovered the Chinese intrusion on 16th April and set up a tent few hundred metres away. Due to the difficult terrain and misperception of the actual borders, intrusions keep happening and both sides fall back to their original LAC. This is for the first time that the Chinese have crossed their own area and the disputed region and came 19 kilometres into the territory controlled by India. After repeated Flag meetings and even telephone calls between senior leaders from Delhi and Beijing, the incident was brought under control and the skirmishes ended on May 6 with both sides retreating to their respective camps and previous status quo.

In August, 2013 the troops of PLA were accused of intruding into the territory of India almost 20 kms deep into Chaglagam area of Arunachal Pradesh and the PLA soldiers stayed there for two days³⁴. The Chaglagam area is also known as ‘Fish Tail’ because of its shape resembling a fish tail along LAC. The area witnesses constant intrusions. The PLA soldiers left after Border Personal Meeting.

Figure 1.4 The McMahon Line.



Source: Atlas of the Northern Frontier of India, External Affairs Ministry, Government of India: 1960.

The year 2014 did not start on a high note. In the last week of June, the Chinese officials unveiled or rather unveiled its official updated national map. The media and press highlighted by China’s South China Sea claims on this map where China had made the islands and territories integral to the territory of China. The same map irritated and annoyed India as it continued to show the territory of Arunachal Pradesh as part of Chinese territory. The Indian Foreign Ministry issued a statement regarding the new maps, noting that: “cartographic depictions do not change the reality on the

³⁴ DNA (2013), “Chinese troops intrude into Arunachal, stay for over two days”, Accessed 22 Mar. 2017 URL: <http://www.dnaindia.com/india/report-chinese-troops-intrude-into-arunachal-stay-for-over-two-days-1877750>

ground.” The timing of the controversy over the new map came as Indian Vice President Mohammad Hamid Ansari was in Beijing for the celebration of the Sixtieth Anniversary of the “Five Principles of Peaceful Coexistence (Panda 2014).”

In the month of October 2014, there were reports that PLA soldiers made two simultaneous incursions into the Indian Territory near Pangong Lake. It was reported that Chinese boats entered into the Indian waters of Pangong Lake. This was backed by Chinese troops which came by roads built along Pangong Lake. The Chinese intrusion was also reported from Chumar area in Ladakh. It is alleged that tension erupted when some of the Chinese soldiers were building roads on their side, and started entering into Indian Territory and claimed that they had orders to build road up to a place called Tible which lies five kilometres into the Indian territory.

The Arunachal problem again came to limelight in 2015. In February, China’s Vice-foreign Minister, Liu Zhenmin and also spokesperson of the Chinese Foreign Ministry and the PRC Embassy in New Delhi, summoned the Indian Ambassador in Beijing to convey China’s dissatisfaction and opposition to the visit of Narendra Modi, Prime Minister of India to Arunachal Pradesh. The protest may be seen in the larger context of entry of Japan who seems to have sided with India on the question of Arunachal Pradesh. The Japanese foreign minister Fumio Kishida in his visit to New Delhi on January 2015 reiterated this (Rajan 2015: 2). With apparent concern, the Chinese foreign ministry conveyed its concern to Japan. A PRC scholar affirmed that Kishida’s words had “unveiled Japan’s intent of uniting the countries that have territorial disputes with China, in an attempt to create a strong impression that Japan, along with China’s other neighbouring countries, is bullied by a rising China (Choudhary 2014).”

The month of September, 2015 saw another face off between the Indian and Chinese troops near Burtse in the Depsang Plains which is near Daulat Beg Oldie and Karakoram Pass. The standoff began as Indian troops dismantled a watchtower which the Chinese had built near a mutually agreed patrolling line. The observation tower was opposed by India as it lies near a strategic important area.

The year 2016 also saw border intrusions in Arunachal Pradesh. The Chinese argue that the Sino-Indian border has not been demarcated. “China and India border has not

yet been demarcated,” Chinese Foreign Ministry spokesman, Lu Kang told media³⁵ while answering questions regarding a report of 250 Chinese troops entering east Kameng district of Arunachal Pradesh.

Since 2006, military build up on both the sides of the LAC has increased. In 2013, India announced that it would raise its first 50,000 offensive Strike Corps to be deployed in Eastern Sector of the border. The Indian Government commissioned its first batch of Sikkim Scouts—a new mountain division which would be patrolling the high altitude borders with China. India has deployed its most advanced cruise fighter aircrafts and cruise missiles, in order to keep up with China. India reversed its military doctrine in 2011 and now has started building up infrastructure in the border areas. India’s military build up is not to keep up with Pakistan but rather with China. Jeff M. Smith, Director of South Asia Programs at the American Foreign Policy Council in Washington, D.C. points out that, “for the past five years, India has been the world’s largest importer of arms despite an overwhelming superiority over Pakistan,” “India is only trying to keep up with China”. On the part of China, it has increased and accelerated its rapid development in infrastructure in Tibet Autonomous Region (TAR). “We have noticed an increase in capability and force posture by the Chinese military in areas close to the border with India,” Deputy Assistant Secretary of Defence for East Asia Abraham M Denmark told reporters during a news conference here after Pentagon submitted its annual 2016 report to the US Congress on ‘Military and Security Developments Involving the People’s Republic of China’³⁶.

Jeff M. Smith conducted over 100 interviews with relevant experts, government officials and military officers in China, India and even in USA. The analysts concluded that border resolution will not be expected soon, not in another 10 or 15 years. The mechanisms developed to take the border resolution forward and CBMs advocated have not resolved the border tensions. They have just acted as temporary measures to address the boundary and incursion problems.

³⁵ The Indian Express (2016), “China rejects allegation of incursion in Arunachal”, Accessed 27 may 2017 URL: <http://indianexpress.com/article/india/india-news-india/china-arunachal-pradesh-incursion-army-patrol-2854803/>

³⁶ The Indian Express (2016), “China has deployed more troops near Indian border: Pentagon”, Accessed 27 may 2017 URL: <http://indianexpress.com/article/india/india-news-india/china-has-deployed-more-troops-near-indian-border-pentagon-2799965/>

VI. SUMMARY

The chapter dealt with the details of Nathu La from its historical phase to the present context. Its transformation over the period due to the external factors and actors has been examined in this chapter. The chapter began with the historical framework of Nathu La and this has been studied through various travel memoirs of erstwhile British officials. Though the trade through Nathu La had not been officially carried out during those periods, one thing is clear that Nathu La was a vibrant trading post.

The second larger framework of the chapter dealt with is the diplomatic procedures which led to the second opening of the Nathu La. The present day Nathu La offers a number of advantages to anyone controlling the pass. The diplomatic negotiation is itself interesting because there are many complex issues. There is always a sense of dilemma whether to open up the pass for trade and take the risk of sacrificing on security and vice versa. There is the question of sovereignty intertwined with the border trade which is very different from other normal border trade areas.

The last section delineated on the impact of opening up Nathu La on the border talks. The chapter shows that the reopening up of Nathu La as one of the CBMs did not have much impact on border talks and negotiations. Border problems and tensions remain same as what they were in 2006, when Nathu La was opened up to boost the border talks and trade. At the most the reopening of Nathu La made the Chinese government recognise Sikkim as part of India. Yet, some studies show that even this is a challengeable assumption.

CHAPTER 5

CONCLUSION

The opening up of Nathu La in 2006, after its closure following the 1962 Sino-Indian War, brought the discourse on border trade in Sino-Indian relations back into the framework of bilateral relations. The border trade in Sino-Indian relations was not used as a tool for economic development. Rather it was used as a way of strengthening sovereignty by both China and India.

The research focuses on the core concept of state sovereignty and its impact on trade and bilateral relations. The sovereignty as concept today has gone through enormous change and it is still in the process of evolution. Any concept being in an evolution phase will have divergent meanings and varied perspectives. The same is the case with the concept of sovereignty. When one looks at the theoretical basis of the concept of sovereignty, it is arguably very ambiguous one. It is seen that the meaning of the concept of sovereignty is constructed differently by observers or the scholars of political theory, international relations scholars and international jurists and so on. Even within the field of international relations, each school of thought puts up its own arguments to construct the concept of sovereignty. The debate in international relations does not look at the precise meaning of sovereignty. It rather looks at how the concept functions in international relations. The Realists provided a state-centric view of the concept of sovereignty. For them the sovereignty is understood as a practical matter to have arisen after the Treaty of Westphalia of 1648, which ended the Thirty Years' War. The treaty denoted the existence of a supreme authority over a certain territory. Sovereignty for them was absolute. Either the state was sovereign or it was not. There was no case where state was little bit sovereign.

The debates in international relations moved further with the emergence of Neorealist, complex interdependence and even dependency theory. Neorealists were able to move the debate on sovereignty from a unit level analysis to system level analysis. The state was seen not as an independent unit rather as one of the many in the system. It functioned within a structure and each state was not fully sovereign as the structure constrained their actions. The structure worked in a hierarchy where the major states or powers had a greater say in the policies or actions and minor ones had lesser power in the structure. The state-centric perspective of sovereignty was challenged by the

emergence of theory of complex interdependence. The complex interdependence laid the foundations to the development of economic interdependence which was propounded by Richard Cooper. They argued that due to interdependence through economy, state sovereignty was seen to be constrained by it. The process of globalisation and flourishing trade and economic activities was seen to be challenging the state sovereignty. This led to a whole new debate on sovereignty.

The practice of the concept of sovereignty and how it is perceived has also gone through a process of change. There are different nations which perceive the concept in different ways. There are also conflicts as a result of the ambiguous nature of the concept of sovereignty. In contemporary era, there is a huge contrast between the perspective of the Western developed countries and developing countries such as China and India. The developing countries like China and India stick to the traditional notion of the concept of sovereignty. The traditional notion indicates here the sovereign power over its territory including its population, territory and power in the domestic sphere. The term 'post sovereignty' has been doing the rounds lately. The Western countries have moved beyond the traditional notion of sovereignty. There has been a sign of development of community of sovereign nations where the world is seen as a global village each taking the responsibility of protecting each other. This has emerged as new norm in international relations in the form of humanitarian intervention. The idea of non-interference which is closely linked to the traditional notion of sovereignty is clearly challenged here.

The Western countries headed by the United States have used the phenomenon of humanitarian intervention to intervene in many parts of the world whether for the greater good or for self interest is debateable though. The development of human rights norms and conventions further strengthen the policy of intervention. The development of new norms led to conflict between the Western countries and the developing countries in the form of war, the developing countries argue that the intervention in any form is the violation of sovereign rights which is enshrined in the charter of UN. The Western countries argue that the suffering of the humankind superseded the sovereign rights of a nation.

One of the fierce proponents and supporters of the traditional notion of sovereignty was China. Though the concept of sovereignty did not emerge in China, it became one

of the defenders and of the traditional notion of sovereignty. As far as humanitarian intervention and human rights norms are concerned, China sees these as a policy of Western countries headed by the United States to spread its hegemony to the developing countries. As a result, it led to a number of differences between China and the West. China gives considerable importance to its sovereignty and any intervention on the part of any outside power in its domestic affairs is highly criticised and challenged. China's core policy of 'One China' is integral to this stand.

China and India are relatively new countries in the sense that India gained independence in 1947 after two decades of colonial rule and China emerged from civil war with the formation of Communist Party of China and its coming to power in 1949. Both the nations which are not even a century old country are afraid of losing their newly gained sovereignty as both of them are in the process of state building. As a result, China and India give immense importance to its traditional notion of sovereignty which includes their territory, people and equality in global power structure.

As China and India share a huge land border, the differences in interpretation of territory has led to conflict between the two nations. Following the control of Tibet by China, the Himalayan border became a disputed area between the two nations. The Chinese authorities refused to acknowledge the McMahon Line stating that the Chinese was non-signatory to the Simla Treaty of 1914 which defined the border between the then British India and Tibet. On the part of India, it reiterates the Shimla Treaty that defines the border between India and China. This problem became a significant enigma in bilateral relations. The 1962 Sino-Indian War was the result of this difference in the interpretation of the Himalayan border. Though it was not a full blown war between China and India, the relation was strained by the Himalayan territory issues and till today it remains unsolved. The frequent incursions and intrusions remains testimony to this misunderstanding.

The border tensions and territorial disputes due to the huge complexities involved and the dangers of escalation have compelled both India and China to come out with institutions and various Confidence Building Measures (CBMs). The opening up of border trade between the two nations has been one of the CBMs. Following the 1962 Sino-Indian War, China and India entered into a period of brief 'Cold War'. With the

turn of 1990s, there was a change in approach and methods in Sino-Indian relations. Trade was used as a catalyst to contain the tensions on the border. The border trade was brought back into the bilateral relations. Lipu Lekh was opened in 1992 and Shipki La was opened in 1993. The latest in the series of border trade was the opening of Nathu La in 2006.

The opening up of Nathu La gave a new epoch in the Sino-Indian relations as the border trade was used as a way to strengthen the sovereign power both on the side of China and India respectively. Though Nathu La was opened as a Confidence Building Measure, it resulted in the recognition of Sikkim as part of India and on the part of India it reiterated Tibet as a part of China. Apart from the sovereign aspect of opening up of Nathu La, it had a profound impact on the domestic policies of China and India. The re-opening up of Nathu La brought Tibet back into the limelight and the development of the region. It coincided with the Great Western Development Strategy of China. This would boost the development in Tibet and in turn increase the legitimacy of PRC in Tibet. On the part of India, apart from being bringing a development to the state of Sikkim, it would boost the Look East policy of India and also help in developing the eastern region of India.

The Sino-Indian relations are quite complex. As seen through its short history, both the countries are reluctant to compromise when it comes to the border disputes. China has solved its border tensions with all its neighbours except with India and Bhutan. This itself shows the complexity of Sino-Indian borders. Due to the complexity of territorial disputes, the cross border trade as one of the Confidence Building Measures has failed to achieve its objective. The opening up of Nathu La, Shikpi La and Lipu Lekh of 1990s which came with lot of enthusiasm and promise has not really lived up to its promise. The National Advisory Board, a committee of experts headed by Professor Mahendra P. Lama, had concluded that trade through Nathu La would cross Rs. 450 crores by 2015 at lower trade flow and Rs. 12,203 crores by 2015 at higher trade flow. This target has not been achieved by 2016. The total trade was just Rs. 8.92 crores in 2013 and even after one decade of opening up of Nathu La, the total trade in 2016 was just 82.68 crores. The modus operandi and functioning of trade and infrastructure remain almost the same as in 2006.

The opening up of Nathu La which showed an initial euphoria of excitement both in terms of trade and also in terms of solving the border issue between the two nations failed to deliver its objective. The political aim of opening up of Nathu La remained only a chimera. Sikkim became an issue which otherwise was a non-issue. The Sikkim-Tibet border was only the area which has been accepted by China and as such there was no issue regarding the border. The Anglo-Chinese Convention of 1890 defined and demarcated the Sikkim-Tibet border and China was a signatory to the convention. Even the tacit recognition of Sikkim as part of India looks rather vague as there is only one paragraph in trade related issues of 2005 Joint Statement that reference to Sikkim as a state of Republic of India is found. Other than this no official statement by China has been made. The trade related reference to Sikkim as state of Sikkim becomes problematic because historically even in 1954, the Panchsheel Agreement gave reference to mountain passes and posts as being with India which Nehru miscalculated that China had recognised the Sino-Indian frontiers. However, China later argued that it had signed a border-trade accord and not a border accord.

Following 2006, China has made the Sikkim-Tibet border into an issue which otherwise was settled. China claimed the area in northern part of Sikkim as its territory. The 2.1 square kilometres tract of land popularly called the 'Finger Tip Area' was claimed by China. There was also a report of Chinese destroying the makeshift Indian Army bunkers near Tibet-Bhutan-Sikkim tri-junction border which lie to the south of Nathu La.

The opening up of Nathu La in 2006 which points to a sign of improved relations has not prevented the escalations of tensions in the Eastern and Western sectors of Sino-Indian border. The Chinese authorities have now disputed that the entire state of Arunachal Pradesh belongs to China and not merely the town of Tawang and areas around it. They have argued that Arunachal was a part of southern Tibet. In 2014, the official map of China showed Arunachal Pradesh as part of China and lately it had named five towns in Chinese language. Even in western sector, there were numerous intrusions alleged by both China and India. As such it is very much noticeable that the opening up of Nathu La as one of the CBMs has not much effect on the border issues and larger goal of solving the tensions and misunderstanding.

Since 2006, rather than seeing a thaw in relation, Sino-Indian relations witnessed a renewed competition both in terms of infrastructure building and military build up along the border. In 2013, India announced that it would raise its first 50,000 offensive Strike Corps which would be deployed in the Eastern Sector. Indian Government commissioned the creations of new army battalion i.e. the Sikkim Scouts. The new battalion would guard the Sino-Indian borders. Both China and India have built their border infrastructure. China has already constructed the railways till Lhasa and is in the process of bringing it closer to the Sino-Indian border. On the part of India, it has constructed numerous roads and also airfields close to its border with China which would facilitate its troop movement and equipments.

When it comes to Sino-Indian relations, trade as a factor in bringing a thaw between the two is sidelined by 'high politics' such as issue of sovereignty, power in terms of national interest and military force. Though India and China continue to engage in the realm of low politics of trade and commerce and as bilateral trade is increasing. However, when it comes to the border issue, the national sentiments associated with it overtake the gains in trade and economic issues. The border dispute today remains the core issue in Sino-Indian relations. Thus, we see bilateral trade on the one hand and tensions in border on the other hand. As a result, the improvement in trade has not ushered in a solution to the border problems. Thus opening up of Nathu La had a limited impact on the ongoing border talks and it did not have much impact as far as CBMs were concerned.

The failure of Nathu La can also be attributed to the slow pace of infrastructure development in the region. The infrastructure such as the road connecting the two nations, the trade mart etc. is same as what was constructed in 2006. The trade volume has been very low and even the commodities traded are limited. The failure of Shiki La, Lipu Lekh and Nathu La as CBMs for border talk has put a big question mark on border trade. If for instance, the trade through Nathu La is given a serious thought, it has a huge potential not only in terms of trade but also for cross connection of culture, people, religion etc. This would contribute to the parameters of border trade and play as a soft power in solving the border tensions.

The difficulty in the terrain and geographical location of Himalayas brings about another challenge to the solving of Sino-Indian border dispute. As many areas are

inhospitable and barren lands and at ground zero, the demarcation of borders has not been done. It becomes problematic to decide which area belongs to who as the area has no previous history of borders. The complexity of border problems between China and India makes it difficult to solve it instantly. Thus, we see that opening up of Nathu La and border trade as CBMs have not resolved the border problems. At the most these have acted as temporary measures to prevent further incursions.

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