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India and China: Prospects for Normalization

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An Intelligence Memorandum

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December 1981

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India and China: Prospects for Normalization

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An Intelligence Memorandum

*Information available as of 9 December 1981
has been used in the preparation of this report.*

This memorandum was prepared by [redacted]
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**India and China:
Prospects for Normalization**

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Summary

The Sino-Indian diplomatic dialogue that resumed this month in Beijing probably will yield new agreements for a modest expansion of trade and cultural exchanges but no breakthrough on the longstanding border dispute that led to war in 1962. The warming trend in Sino-Indian relations that began in 1976 has fluctuated, and Indian Prime Minister Gandhi has yet to show real enthusiasm for rapprochement.

Rapid resolution of the border problem will require either substantial Chinese territorial concessions or Indian acquiescence in the status quo. China is eager for normalization because it sees India as the key to a more stable South Asia that might better resist Soviet inroads. Thus far, however, Beijing has not revised the border offer India rejected 20 years ago.

Gandhi's suspicion of China is another impediment. She believes China's friendly overtures are aimed primarily at undercutting Indo-Soviet relations. Nonetheless, Gandhi wants to keep the China option open, because it provides flexibility in reacting to the unstable strategic environment in South Asia following the Soviet move into Afghanistan and Pakistan's efforts to improve its military capability and become a nuclear power.

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India-China Border Area



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**India and China:
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**Regional Crisis and
Gandhi's Return to
Power**

The Soviet invasion of Afghanistan in December 1979, followed by Indira Gandhi's reelection days later, rekindled Beijing's interest in improving relations with India. Steps toward normalization, which had been unfolding since 1976 when relations between the two countries were upgraded to the ambassadorial level, faltered in the wake of the Chinese invasion of Vietnam and the growing ineffectiveness of the government of Morarji Desai. The Chinese, determined to offset what they saw as an alarming increase in Soviet influence in South Asia, took the opportunity to court India by publicly congratulating Gandhi on her return to office.¹

Despite private views that Gandhi's return to power was a setback to Chinese interests in the region, Beijing began to explore normalizing relations. Chinese Foreign Minister Huang Hua attended the annual Republic Day reception at the Indian Embassy in Beijing—the highest level of Chinese representation since 1961—telling the Indian Ambassador that “the new situation in the region imposes greater obligations on both of us to improve relations.” This same message was conveyed directly to Gandhi by senior Chinese officials at the Zimbabwe independence celebration in Salisbury in April 1980 and again at Tito's funeral in Belgrade in May.

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The Chinese overtures sparked little response from New Delhi. Although Gandhi publicly professed a desire for closer ties, she did not conceal her belief that China's initiatives stemmed from its anti-Soviet stance.

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Chinese Visit

Huang Hua's visit to New Delhi in June 1981 marked an important step toward rapprochement. The Foreign Minister's visit had been postponed a year because of China's disapproval of India's recognition of the Soviet-backed government in Kampuchea in June 1980. In New Delhi Huang Hua appeared eager to conclude new cultural agreements and expand cooperation in science, technology, and other fields, but he failed to secure firm commitments from the Indians. While affirming its desire to expand ties in “all fields,” India maintained that progress in relations could not be achieved so long as the boundary question remained unresolved.

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¹ An overview of Sino-Indian relations appears in appendix A. Details on the border issue are outlined in appendix B.

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Foreign Ministers Rao and Huang Hua in New Delhi, June 1981.



Indian and Foreign Review ©

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The New Delhi talks did break new ground on a key procedural problem and gained Chinese recognition that the border issue was the main obstacle to Indian agreement to upgrade the negotiations. Tentative plans were made to consider the contentious border problem along with other matters such as bilateral trade and cultural ties. The agenda also was broadened to include other outstanding problems, such as the status of the former Indian Embassy in Beijing, seized during the Cultural Revolution, and the frozen assets of Chinese banks operating in India before the Sino-Indian war. Although this procedural agreement is a compromise on both sides, India maintains it has wrung a major concession from China.

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As a sign of good faith, China agreed during the talks that limited numbers of Indians could visit sacred areas just across the border with Tibet, which has been closed since 1959. The first group of Hindu pilgrims completed the trip in September. Along with Chinese efforts in recent years to encourage Tibetan refugees in India—including the Dalai Lama—to return home, this gesture has further reduced the sensitivity of the Tibet issue in Sino-Indian relations.

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Continuing Dialogue

India used the round of talks on 10-14 December between Foreign Ministry officials to get a deeper understanding of Chinese attitudes and to see if they are prepared to make further concessions to strengthen friendship with India. Neither side made any specific proposals for a border settlement last June in New Delhi. Huang Hua's call for a "comprehensive solution . . . that would take into account the historical

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Premier Zao Ziyang and Prime Minister Gandhi at Cancun, Mexico, October 1981. [redacted]



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background, national sentiments, and present position on the ground" was sufficiently ambiguous to engender Indian skepticism about a fruitful outcome. [redacted]

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The Indians, nonetheless, are curious whether China will eventually offer a new border proposal. New Delhi has made clear it will continue to reject the longstanding Chinese offer to convert the existing line of control into a permanent boundary. Indian Foreign Minister Rao reaffirmed in Parliament last June India's claim to nearly 24,000 square kilometers held by China in the western sector. India presumably does not expect to receive nearly this much territory in a settlement, but it will insist on some readjustments in the line of control. [redacted]

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Gandhi's lack of enthusiasm for the negotiations was reflected in her reluctance to set a date for the December talks. She postponed the decision to go forward until after meeting Chinese Premier Zao Ziyang at the North-South summit in Cancun in late October. Gandhi wanted to assess the Chinese leader's intentions firsthand and possibly convey her tough-mindedness. [redacted]

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Gandhi's lukewarm attitude toward China arises from several factors. Foremost is her preoccupation with Pakistan, China's close ally. The proposed US arms aid to Pakistan as well as Islamabad's determination to develop a nuclear capability make Gandhi highly uncertain about the implications of the Pakistan-US-China relationship. In addition Gandhi is among the many Indians who believe that Chinese leaders deceived Prime

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*Indian Pilgrims with armed Tibetan escorts inside Tibet—
September 1981.*



Sunday ©

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Minister Nehru, her father, by concocting the border dispute and then using it as a pretext for an invasion. Gandhi finds it difficult to trust any regime in Beijing. Finally, there is no significant public pressure in India for rapprochement. On the contrary, any agreement signed by Gandhi would be attacked by her political opponents as an unwarranted abandonment of long-held Indian positions. Such criticism would not undermine Gandhi's political dominance but would focus public debate on a sensitive issue and put Gandhi on the defensive.

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Other Indian Negotiating Goals

In addition to territorial concessions, New Delhi probably will insist that China alter its positions on Kashmir and Sikkim. For years China sided with Pakistan in the Indo-Pakistani feud over Kashmir. While courting India, Beijing has tried to duck the Kashmir controversy or has indicated that India and Pakistan should reach an accommodation. Beijing still refuses to acknowledge the legality of India's takeover of Sikkim in 1975. India wants China to accept the integration of Sikkim into the Indian Union as irrevocable.

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New Delhi will also seek guarantees of a hands-off policy toward India's unstable northeast region. Although India is basically satisfied that China no longer supplies small arms and guerrilla training to tribes in the northeastern corner of India bordering Tibet and Burma, New Delhi wants assurances that China will not aggravate problems in the area.

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Prospects

Despite China's conciliatory attitude and its persistence in wooing India, the prospects for an early border settlement are remote. India considers itself the aggrieved party in the dispute and believes China must take the lead in proposing a solution. Because China wants to avoid allowing the talks to bog down quickly, it may hint at a more flexible bargaining position on small pockets of disputed territory and seek to entice the Indians to become less intransigent on the border issue. Even if no progress in the current talks is made, this would at least keep the door open for negotiations at a later date, which the Chinese view as vital to their efforts to counter Soviet influence in the region. Beijing doubts that even sustained discussion would produce a fundamental change in India's alignment with the USSR but hopes that talks will encourage New Delhi to be more flexible. [REDACTED]

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India, for its part, is in no hurry for rapprochement but clearly discerns that even the possibility of Sino-Indian detente enhances New Delhi's leverage with Moscow. At the same time Gandhi recognizes that closer ties with China would be advantageous in Indian attempts to weaken Beijing's ties with Pakistan, which still looks to China as a counterweight to Indian predominance on the subcontinent. Accordingly, Gandhi will keep diplomatic channels open in order to preserve the China option for a time when it could more directly serve India's interest. [REDACTED]

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So long as both sides want to keep the dialogue going, Sino-Indian trade and exchanges will continue to expand, but only gradually. Trade potential, however, is limited. Both countries are reluctant to allow key industries to become vulnerable to disruptions in imports from the other and will prefer to cultivate more politically reliable suppliers and markets for their major trade products. [REDACTED]

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Appendix A

The Historical Setting

The friendship that developed between newly independent India and the new Communist government in China in the early 1950s was gradually undermined by disagreement over the alignment of their 3,380-kilometer common border. By the end of the decade, India and China had moved troops into contested areas of the rugged Himalayas. The two sides exchanged volumes of evidence and argument to buttress their respective territorial claims, but diplomatic negotiations proved futile, and a final effort between Prime Minister Nehru and Zhou Enlai in 1960 to settle the issue peacefully ended in deadlock. [REDACTED]

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In 1961 India launched a new, aggressive military strategy aimed at outflanking and isolating Chinese military posts. The diplomatic dialogue grew increasingly bitter, and both sides hurried to establish new border posts and increased their patrolling. Indian troops were poorly equipped and unaccustomed to operating at high altitudes, however, and China's tactical advantage grew. [REDACTED]

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In October 1962 China launched a full-scale attack and with little difficulty overran Indian forces in both sectors of the border. A month later Beijing declared a unilateral cease-fire and withdrew to positions 20 kilometers behind the line of control that existed in 1959. During the next 20 years, an occasional skirmish occurred along the line, but for the most part an armed truce has prevailed. [REDACTED]

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India was deeply humiliated by China's victory. Although many Indians believed Nehru had deluded himself about India's military capability and the seriousness of the border problem, the common view in India was that China had used the dispute as a pretext for an invasion. Through the 1960s India and China exchanged bitter diplomatic notes, and relations deteriorated almost to the breaking point. [REDACTED]

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Upturn in Relations

The acrimonious trend reversed in the mid-1970s when Prime Minister Gandhi sought to dispel international criticism of her authoritarian rule by adopting a more evenhanded foreign policy. Through better relations with China and the United States, Gandhi aimed at softening her pro-Soviet image and offsetting the special Indo-Soviet relationship that grew out of Moscow's willingness to meet India's requests for diplomatic, economic, and military aid. [REDACTED]

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With order returning to China following the Cultural Revolution, Beijing was receptive to India's feelers. The focus of Chinese policy toward South Asia shifted from fanning anti-Indian sentiment among India's small neighbors to a strategy designed almost exclusively to thwart Soviet expansion in South Asia. Beijing wanted to allay Indian fears of China and ultimately wean India from its dependence on the USSR. China also hoped to channel the South Asian nations into a cooperative relationship supported by the West and open to Chinese influence. The Chinese were willing to recognize South Asia as an Indian sphere of influence and attempted to flatter the Indians by maintaining that they had a special leadership role to play. []

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In 1976 India and China agreed to raise relations to the ambassadorial level—the first positive development since the border war. For the Chinese, Gandhi's electoral defeat in 1977 portended an even more promising phase in Sino-Indian relations. The new Indian Prime Minister, Morarji Desai, reaffirmed Indian nonalignment and encouraged closer ties with Beijing. Because of India's reliance on the Soviet Union, however, Desai refused to abrogate Gandhi's friendship treaty with Moscow—a special target of Chinese criticism. []

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The normalization process continued. Sino-Indian trade resumed after a 13-year hiatus, and exchanges were arranged in diverse fields ranging from agriculture to art. Although the Indians had anticipated sizable export opportunities and significant imports of Chinese crude oil, they were soon disappointed by the slowdown in China's modernization program and its oil conservation policy. By 1980 bilateral trade had grown somewhat, but still accounted for less than 0.5 percent of each country's exports and imports. []

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The highlight of the thaw was Foreign Minister Vajpayee's visit to Beijing in February 1979. The atmosphere was highly positive until the talks focused on a critical procedural question. China wanted to ignore the border issue until relations were expanded in other fields. India insisted they tackle the border problem immediately. Despite the impasse, the talks ended in an upbeat mood with an understanding that the border issue would be addressed at a low level of representation in the near future. In the meantime, the status quo on the frontier was maintained and bilateral exchanges increased. []

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Downturn

China's invasion of Vietnam, which occurred while Vajpayee was touring other parts of China, immediately shattered optimism about Sino-Indian detente. As a longstanding supporter of the Hanoi government, New Delhi was offended and embarrassed by the timing of the Chinese assault. Additionally, Desai's Janata Party government faced increasing political trouble, and as dissolution became more likely, its foreign policy initiatives withered.

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Appendix B

The Sino-Indian Border

The 3,380-kilometer border is composed of two widely separated parts:

- A western portion that extends from the Karakoram Pass in Ladakh (northeastern Kashmir) to Nepal.
- An eastern portion that stretches from Burma to Bhutan and separates Tibet from the Indian state of Arunachal Pradesh.

Between the two sectors lie the independent nations of Nepal ¹ and Bhutan ² separated by the Indian state of Sikkim.³ [redacted]

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The dispute involves three areas:

- A western sector. At issue are nearly 24,000 square kilometers of northeastern Ladakh, the easternmost part of which is known as Aksai Chin. The area consists of barren basins and plains at elevations of 4,700 meters bordered by even higher mountains to the north and west. Uninhabited and rarely visited for centuries, the region assumed strategic importance to China when the Chinese began to extend their control over Tibet. Because of the great distance and difficult terrain between Lhasa and western Tibet, China decided to supply its isolated forces in the area from bases in Xinjiang Province and built a road across Aksai Chin. Beijing will almost certainly insist on continued control over most of the Aksai Chin area in any border negotiations with India.
- A middle sector. This dispute involves five areas totaling about 4,500 square kilometers. Counterclaims relate to problems of interpreting traditional usage and determining the water divide.
- An eastern sector. The conflict in this sector concerns the validity of the McMahon Line (drawn by British India) and China's claim to 77,000 square kilometers south of the line. Before the deterioration of Sino-Indian relations in 1959-60, Beijing indicated a willingness to give up its claims in this sector in return for clear title to Aksai Chin. [redacted]

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¹ The Sino-Nepalese border, which extends some 1,078 kilometers along the crests of the Himalayas, was surveyed and demarcated in 1962-63. Following a review of border issues in May 1978, joint teams began replacing damaged or lost markers along the border. [redacted]

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² Bhutan's 483-kilometer border with Xizang has never been demarcated. Chinese maps claim some 777 square kilometers of northeastern Bhutan, but China has not raised the issue, and neither side has sought to discuss the border. Sino-Bhutanese relations are correct but limited partly because of India's strong influence in Bhutan. Under the Bhutanese Treaty of 1949 Bhutan agreed to be "guided" by India in its foreign affairs [redacted]

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³ Sikkim's 177-kilometer demarcated border with Tibet follows the crests of the Himalayas. Its alignment was defined in the 1890 Anglo-Chinese agreement, which confirmed Britain's—and then India's—suzerainty in Sikkim. In 1975 Sikkim's semiautonomous status ended when India made it the 22nd state in the federal union. [redacted]

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