



Security Nexus Perspectives

CROSS-DOMAIN REPERCUSSIONS OF THE CONTINUING INDIA-CHINA BORDER CONFLICT

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Introduction

In the summer of 2020, during the early peak of the COVID-19 pandemic, India-China clashed on the mountain ridges of the Himalayas. This collision involved hand-to-hand combat with clubs and metal rods that caused the [death of 20 Indian military personnel and four Chinese](#) PLA (People's Liberation Army) soldiers.¹ As with the clash, the political and military relationship [between India and China rapidly deteriorated](#). India and China have aggressively fortified the border areas and [they are rapidly building military structures along the border areas](#) that include the [construction of access roads, bunkers](#), helipads, ammo depots, and placement of artillery. Indian Army Chief General MM Narvane said that "[if the Chinese are there to stay, we are there to stay too](#)." General Narvane insisted that it is a "[matter of concern](#)" for India that the Chinese are engaging in large-scale infrastructure build-up and that the defense posture of both countries along the LAC (Line of Actual Control) is one of readiness. As of April 2022, despite several rounds of [corps commander level talks](#), there is no indication that there are any substantial shifts in the positions of both countries away from a posture of heightened preparedness. This paper examines the economic and political consequences of the summer 2020 military clashes along the LAC. The border clash is having cross-domain repercussions in the areas of (a) bilateral

¹ Some estimates put the number of [Chinese PLA dead as high as 38](#), but the official count is [only four + one](#), as acknowledged by the People's Liberation Army command.

trade; (b) cyber and mobile tech; and (3) bi-lateral travel and visa issues between India and China. This paper will discuss how India is struggling to reduce its trade and economic dependence on China, cut off its reliance on Chinese mobile and cyber technology to better manage cyberattacks and hacking, and finally, both countries are engaging in tit-for-tat travel bans and using bilateral visa issue as a political weapon.

India-China Bilateral Trade

India and China entered into a [free-trade agreement in 1984](#) and bestowed the most favored nation (MFN) status on each other. Both countries started slowly, with bilateral trade averaging less \$3billion USD in 2001 (see Figure 1). A series of bilateral trade agreements opened the door for increasing trade between both the countries, which is currently recorded at [\\$125 billion in 2021](#), with the balance of trade sharply tilting strongly in favor of China.² India's negative trade balance with China has witnessed a sharp increase during the pandemic from [\\$45.9 billion in 2020 to \\$69.4 billion in 2021](#). The trade relationship with Beijing resembles the classic developing economy model. India's exports predominantly consist of [primary commodities and raw materials](#) such as cotton, iron ore, copper and diamonds, natural gems and import of machinery, power-related equipment, telecom, organic chemicals, and fertilizers. For a long time, India has been seeking [to persuade China to open its pharmaceutical markets and its domestic Information Technology \(IT\) market](#) to Indian firms without much avail. Indian trade analysts argue this would allow India to close the trade gap and bring some balance to the bilateral economic relations. But, importantly, there is growing alarm over [India's increasing trade dependence on China](#) while the military conflict along the LAC continues to be a [major source of friction](#) between the two countries.

Worried about Chinese military designs in the region and apprehensive about China's aggressive diplomacy in South Asia, India has increased its military spending and embarked on a domestic manufacturing process and is attempting to increase the diversity of its external trade partners. Principally, there is heightened concern that China could (and would) [easily choke off the supply of goods and basic commodities](#) to India during a larger military conflict with China.

² Trade in services between India and China negligible or practically nonexistent. In comparison; US-China trade in services was \$56b in 2020 (source: US Dept. of Commerce).

Figure 1: India-China Bilateral Trade Balance (2001-2020)



Raw Trade Data Source: Embassy of India, Beijing, China; PHD Chamber of Commerce and Industry, Jan 2018, New Delhi, India; Graph compiled by the author.

Conflict Crosses into the Cyber World

Beijing is engaging in what some have dubbed as [unrestricted warfare](#) against India. [Attack on all fronts and apply pressure](#) on the political, economic, and social fronts, thereby weakening the enemy and compelling the enemy to acquiesce. During the military clash along the Galwan River Valley in the Himalayas, [China launched cyber-attacks on Indian power grids in Mumbai in October 2020](#), shutting down power in India’s largest city Mumbai. [Subsequently, malware was also discovered in networks](#) targeting the power grids in Ladakh region in Kashmir. In a move to blunt Chinese cyberattacks and demonstrate growing displeasure with Chinese-based cellphone Apps, India has embarked on a systematic process of banning of Chinese Apps and discontinuing digital contracts and other telecommunications projects with Chinese firms.

India has [outright banned or restricted 274 apps](#) from all mobile devices, including highly popular apps such as [Tik Tok](#), [Weibo](#), [WeChat](#), and a wide range of gaming apps such as [Free Fire](#), [PUBG](#), and other social media and payment apps. There are stories of people in India still [downloading these apps using VPN](#), but officially a list of 274 mobile apps are banned on Indian cell networks. Immediately following the military clash, there was a [strident call for a boycott of](#)

[Chinese goods and investment](#) in India. [Indian Railways cancelled \\$63.3 million contract](#) with the Beijing National Railway Research and Design Institute. Later, the Indian Telecommunications Ministry [excluded China's Huawei and ZTE Corp](#) from its 5G network trials. Interestingly enough, the banning of Chinese Apps has led to a [blossoming of the Indian startups](#) emerging to fill the gaps that have opened up. Meanwhile, the [Indian tax authorities are conducting searches, interviews, and freezing assets](#) in several locations of [Huawei Technologies](#), [ZTE](#), and [Xiaomi](#) in India as a part of a broader tax investigation. These tax raids have [irked Beijing](#). The [Chinese Chambers of Commerce](#) in India and the India-China Mobile Phone Enterprise Association are complaining about discriminatory business practices.

Travel and Visa-Ban Issue

The Chinese information and telecommunications bureau has [long used firewalls to block](#) Indian news and entertainment content and apps from reaching the Chinese audience, and it is ironical that Beijing is now [complaining about India's app ban](#) and cancellations of some infrastructure contracts. India has caught on to the [double standards of Chinese information laws](#) that privilege domestic industries and the biased treatment of foreign firms. India's app ban was not only driven by cybersecurity issues and data privacy concerns but it was also intended as a signal that India also possesses options that cut across domains. It demonstrates that India is willing to pursue countervailing actions in cyber and economic domains.

[New Delhi also banned Chinese visitors from entering India on tourist visas](#). This was another indication that India is prepared to engage in tit-for-tat tactics to counter Chinese actions in the cyber and military domain. In 2021 [China banned the entry of Indian sailors and some Indian ships from entering Chinese ports](#), causing disruptions in livelihoods and supplies. Ostensibly the reason was COVID, but geopolitical motives underlie this ban on Indian sailors. More than 23,000 Indian [medical students studying in China have been barred entry](#) into China. Official reasons being offered for barring the entry of these students is the spread of COVID by foreigners, but most suspect this to be another instance of Beijing deciding to [weaponize the student visa issue](#) because of the border conflict. Few years back, the People's Republic began ["issuing loose leaf stapled visas instead of properly stamped ones to the Indian citizens of Jammu and Kashmir \(J&K\)"](#) and it denied entry to an [Indian Army general](#) from Indian Kashmir who was participating in a meeting in Beijing. In effect, China was attempting to convey that it does not recognize India's sovereignty over Kashmir.

Despite all these actions and counter-actions, certain ground economic realities drive mutual relations between both countries. There is an acute awareness that India needs to go beyond banning apps, but develop a more comprehensive set of [laws to ensure data privacy and prevent cyberattacks](#). The near successful [attack on the Indian power grids](#) and the high dependence on Chinese telecommunications—software and hardware—was exposed over the last two years. Additionally, India's dependence on China for active pharmaceutical ingredients (API), electronic components, personal protective equipment for pandemics (PPE), automobile spare parts, and a host of other commodities has noticeably exposed India's trade vulnerabilities vis-à-vis China.

Conclusion

India has pursued a set of economic and foreign policy options over the last decade that rested on the assumption that it could detach the border conflict while it pursued an economic relationship with China. Sadly, the limits of such an arrangement have been abruptly exposed. It is now plainly evident that no amount of trade, economic alliance, or high profile summits at the top level could force a change of the territorial calculus vis-à-vis the People's Republic of China and Chairman Xi Jinping. Unless a grand bargain for a territorial settlement is attempted, the likelihood of serious military conflict between India and China remains extremely high. Unfortunately, Beijing does not seem particularly interested in any such grand bargains, and it continues to engage in unrestricted warfare, salami slicing, and a wide variety of [gray zone tactics](#) to reshape the territorial boundaries along the LAC to its ever-expanding imagination.



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