



Delhi Policy Group

Advancing India's Rise as a Leading Power



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The Trust Deficit with China

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Cover Photographs:

Indian Prime Minister Narendra Modi meeting Chinese President Xi Jinping on the margins of the BRICS Summit held in Kazan, Russia, on October 23, 2024. Source: [Ministry of Foreign Affairs of the People's Republic of China](#)

Member of the Political Bureau of the CPC Central Committee and Director of the Central Foreign Affairs Office Wang Yi meeting India's National Security Advisor Ajit Doval during the 23rd meeting of the Special Representatives on the China-India Boundary Question, in Beijing, on December 18, 2024. Source: [Ministry of Foreign Affairs of the People's Republic of China](#)

Indian External Affairs Minister Dr. Subrahmanyam Jaishankar met Member of the Political Bureau of the CPC Central Committee and Foreign Minister Wang Yi, in Johannesburg, on February 21, 2025. Source: [X/@DrSJaishankar](#)

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The Trust Deficit with China

by

Phunchok Stobdan

As tensions along the India-China border in eastern Ladakh have subsided, high-level interactions between these two major Asian nations have recommenced, aiming to enhance diplomatic frameworks for improved border management and to explore ways to revive cross-border cooperation. This includes discussions on trans-border rivers and the Kailash-Mansarovar Yatra. The Yatra was suspended in 2020 as a result of the pandemic and the failure to renew related agreements by the Chinese authorities. In January of this year, both parties agreed in principle to resume the Yatra and reinstate direct flights.

There are ongoing talks about implementing gradual measures to restore connectivity and promote interactions among people. On March 25, India and China conducted the 33rd meeting of the Working Mechanism for Consultation & Coordination on India-China Border Affairs (WMCC) to execute the agreements reached during the preceding Special Representatives meeting, held in December 2024, between National Security Advisor Ajit Doval and Chinese Foreign Minister Wang Yi, who serve as the Special Representatives for their nations. The Ministry of External Affairs (MEA) has indicated that "substantial preparations" are underway for the upcoming meeting, which is set to be held in India later this year.

Nevertheless, significant differences remain regarding the overall policy approaches of the two countries. India maintains that maintaining peace and stability along the Line of Actual Control (LAC) is essential for the healthy progression of bilateral relations. In contrast, China advocates the sidelining of LAC issues and boundary disputes to foster advancements in other areas, particularly in economic relations.

The Special Representative-level discussions, which had been on hold since 2020, resumed in December 2024. In January this year, Foreign Secretary Vikram Misri engaged in talks with his Chinese counterpart, while in February, External Affairs Minister S. Jaishankar and his counterpart Wang Yi conversed on the sidelines of the G20 Foreign Ministers' Meeting in Johannesburg. Notably, Prime Minister Narendra Modi, in a recent podcast, has emphasised the importance of collaboration between the two nations for global stability and prosperity, remarking: "Following my recent meeting with President Xi, we have seen a return to normalcy at the border. We are actively working to restore

conditions to what they were before 2020. Gradually, trust, enthusiasm, and energy will be rekindled.”

In recent weeks, there has been speculation in Indian business and media suggesting that the government should consider either relaxing or eliminating certain restrictions on trade and investment with China, which were implemented after the violent clash at Galwan in 2020. It has been proposed that re-establishing ties with China could help India navigate trade and tariff challenges with the United States, while facilitating an influx of essential foreign investment into the country.

However, advocating a revival of economic interdependence with China, in essence, undermines India's critical initiatives aimed at strengthening economic security and developing domestic manufacturing and sourcing capabilities across various sectors. Furthermore, such arguments are at odds with the principles of Chinese mercantilism, as evidenced by the fact that during the fiscal year 2024-25, bilateral trade between India and China reached US\$ 118.40 billion, with India importing US\$ 101.74 billion worth of goods from China. This substantial trade deficit is due to intentional policy restrictions that hinder Indian exports from entering the Chinese market. If China genuinely seeks to foster deeper engagement, it must address some of India's urgent concerns and respect the mutuality of interests as the way forward.

The crucial matter at hand is to preserve stable and harmonious bilateral relations while striving for a fair, reasonable, and mutually acceptable framework to address the long-pending boundary issue, preferably on an expedited timeframe.

From a geopolitical standpoint, India's primary concern regarding China revolves around a deficit of trust. This challenge for Indian scholars stems from the need to view China through a lens of pragmatic realism, rather than that of normative political theory. The extensive historical interactions between the two countries, marked by 'high-context' cultural exchanges, have led paradoxically to a lack of perceptual understanding.

When viewed by Indians through a Western strategic lens, the Chinese may be perceived as unscrupulous and duplicitous. Military leaders and diplomats frequently highlight deception as a core element of their strategy. On the other hand, the Chinese also view us as aggressive, deceitful, and untrustworthy. These perceptions are rooted in longstanding viewpoints.

Joann Pittman, an Australian educator with 28 years of experience in China, articulated a fundamental principle: "Nothing is as it seems; it is the opposite."¹ She emphasises that a binary viewpoint is inadequate when engaging with China, as it is unproductive to classify situations strictly as one thing or another. The notion that China is solely a Communist state is a significant misunderstanding; in truth, it also functions as a consumer-driven society focused on wealth creation. The West has been aware of this for some time and has adapted its negotiation tactics accordingly.

In the Chinese context, the term "strategic" implies an emphasis on building relationships rather than seeking immediate solutions. They prioritise the development of a comprehensive strategy before addressing tactical goals, reflecting Sun Tzu's insight that "Tactics without strategy are the noise before defeat."

As a result, establishing trust is essential in China, often taking precedence over formal contracts or legal agreements. While they may be viewed as 'unreliable,' the Chinese actively work to change this perception, regarding their counterparts as 'inflexible.' For example, during the 13th round of border negotiations, when India presented "constructive suggestions," the Chinese dismissed these ideas as "unreasonable and unrealistic."

The principle of 'saving face' plays a vital role in interactions with China. To avoid confrontation, they frequently utilise informal intermediaries as buffers. Western negotiators often address cultural differences through the *guanxi* approach, which helps to reduce perception gaps and facilitate successful negotiations.

The Chinese generally favour establishing long-term agreements while retaining the flexibility to renegotiate if trust is jeopardised. They tend to shy away from the confrontational approach often seen in Western cultures, which seeks clarity through displays of anger. Instead, they promote a balanced *quid pro quo* strategy that emphasises negotiation, enabling both parties to uphold

¹ Joann Pittman, "8 Myths About China Today" <https://www.thegospelcoalition.org/article/8-myths-about-china-today/> 6 March 2012. Joann Pittman is Vice President of Partnership and China Engagement and editor of ZGBriefs. She worked in China as an English teacher, program director, and cross-cultural trainer for organizations and businesses engaged in China. She has also taught Chinese at the University of Northwestern-St. Paul (MN), and Chinese Culture and Communication at Wheaton College (IL) and Taylor University (IN). She is the author of [Survival Chinese Lessons](#) and [The Bells Are Not Silent: Stories of Church Bells in China](#). Her blog, Outside-In, can be found at joannpittman.com, where she writes on China and issues related to "living well where you don't belong."

their positions in pursuit of a mutually beneficial outcome, thereby optimising gains and minimising losses.

The Chinese dedication to certain core principles is widely recognised. Firstly, they create a hierarchical network of relationships shaped by Confucian ethics. Secondly, they strive for a holistic approach, reflecting Taoist philosophy to harmonise opposing forces. Thirdly, they highlight the importance of nurturing harmonious relationships, inspired by the Buddhist concept of equanimity. For them, the process of achieving objectives is more significant than the objectives themselves; the journey to discover the path is deemed more important than merely revealing the truth.

It is important to recognise that, outwardly, the Chinese portray themselves as discreet and non-intrusive, adopting a low-key approach and avoiding proactive measures unless their national security is threatened. However, their real power resides in their keen sense of timing; they tend to let circumstances develop slowly, enabling them to seize the greatest advantage when the opportunity arises.

In his speech titled "How China Works – Charting the Future," presented at the 20th National Congress of the CCP in 2022, President Xi underscored the significance of "nurturing opportunities in crises and transforming crises into opportunities." This reflects the Chinese strategy of converting an adversary's strategic depth into a tactical advantage. The situation involving H.H. the Dalai Lama is a prime example of how India has inadvertently played into China's hands.

In 1954, India and China entered into the Panchsheel Accord to regulate border trade and pilgrimage activities. The factors contributing to the decline of the Panchsheel understanding remain ambiguous; however, China has skilfully utilised the Tibetan issue to gain substantial advantages with little resistance from India. This tactic may still be operational, yet many Indians struggle to grasp it due to the dominant Western narrative.

Strategic engagements between India and China often involve elements of deception, particularly concerning global issues like Afghanistan (2021) and climate change (2008), which have not alleviated their adversarial perceptions. Attempts to initiate discussions focused on boundaries have resulted in heightened tensions and domestic backlash. Incremental confidence-building measures have proven largely ineffective. While economic interdependence is frequently touted as essential for fostering trust, it has instead fostered a client-vendor dynamic rather than a truly reciprocal partnership. India must delve deeper into understanding the Chinese perspective.

The informal Wuhan Summit in 2018 represented the closest political initiative, where Prime Minister Modi and President Xi may have tentatively agreed to address their differences through peaceful means. However, by the time of the 2019 informal Chennai Summit, this top-down approach seemed to have been either subtly undermined or overwhelmed by domestic pressures. The quest for trust remains a formidable challenge to this day. China often advocates for a "big picture" perspective, implying that the broader context should guide interactions. Is there potential for a second Wuhan?

The harsh truth is that China is not expected to regard the Indian challenge with the seriousness it deserves. While enhancing our military readiness is crucial, it is also vital to prioritise diplomatic efforts. Furthermore, the relationship between India and China should be guided by a spirit of civilisational consciousness and the pursuit of pragmatic objectives; frankly, there are no alternative paths to consider.



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