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What do Chinese Analysts think of India-Taiwan Relations?

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This Issue Brief assesses the views presented by Chinese analysts and commentators on India-Taiwan bilateral relations, and their potential implications on the People's Republic of China.

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Executive Summary

China has repeatedly reiterated that the Taiwan question is a core issue in its external engagements, and it expects its diplomatic partners to respect that there is ‘one China’, with the People’s Republic of China (PRC) being the sole representative of China and Taiwan being a breakaway province. China applies the same principle to India, and is evidently irked about the expanding partnership between India and Taiwan in trade, technology and labour mobility.

China is closely observing the expanding India-Taiwan ties. In the past few years, in addition to governmental actors, academics, analysts and social media commentators have been increasingly discussing the India-Taiwan relationship, drawing out implications for China.

This Issue Brief assesses the views presented by Chinese analysts and commentators on India-Taiwan bilateral relations, and their potential implications on the mainland. The Brief studies the Chinese analysts’ assessments on the theoretical underpinning of the India-Taiwan ties, their economic foundation, and the challenges they face, and pose for the People’s Republic.

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I. The Context

During a regular press conference on June 6, 2024,¹ Mao Ning, the Spokesperson for the Chinese Foreign Affairs Ministry, was asked for her response to Taiwanese President Lai Ching-te's congratulatory message to Indian Prime Minister Narendra Modi on his election victory. Mao responded sternly, arguing that there is no such thing as a "President" of Taiwan, since China refers to it as a province of the mainland. Further, she reminded the gathering of "India's serious commitments" to the "universally recognised" One-China principle, and warned India to "be alarmed about and resist the Taiwan authorities' political calculations." She also added that China has lodged a formal diplomatic protest with India, against Modi's response thanking Lai for his message.

China has repeatedly reiterated that the Taiwan question is a core issue in its external engagements, and it expects its diplomatic partners to respect that there is 'one China', with the People's Republic of China (PRC) being the sole representative of China and Taiwan being a breakaway province. China applies the same principle to India, and is evidently irked about the expanding partnership between India and Taiwan in trade, technology and labour mobility.²

However, given the bilateral tensions between India and China, India has sought to question the ‘One China Principle’. For example, it has not reaffirmed its ‘One China policy’ in any official document since 2009. In an unusual move, India also condemned China’s belligerent response to US House Speaker Nancy Pelosi’s visit to Taipei in August 2022, with External Affairs Ministry spokesperson Arindam Bagchi stating that India is opposed to any unilateral moves to alter the status-quo in the Taiwan Strait.^{3,4}

Taiwan, too, has responded affirmatively, enabling closer economic and people-to-people ties with India. It has done so by investing more in India, with total Taiwanese investments in India jumping from US \$44 million in 2019-2020 to touching US \$5 billion in 2024. Further, it has allowed for greater mobility of Indian labour to Taiwan through the signing of a Memorandum of Understanding (MoU) in February 2024.

In this backdrop, China is closely observing the expanding India-Taiwan ties. In the past few years, in addition to governmental actors, academics, analysts and social media commentators have been increasingly discussing the India-Taiwan relationship, drawing out implications for China.

II. What are Chinese Analysts Arguing?

Upon assessing writings from the Chinese academic community on India-Taiwan relations, three pillars of Chinese analytical thought emerge:

1. **Theoretical Underpinning:** Among Chinese analysts, there is an acknowledgement that cross-Strait relations have deteriorated due to various developments that took place under Tsai Ing-wen's administration in Taiwan (2016-2024). India-China relations, too, are tense due to disputes on the border. In this light, they argue that Taiwan and India are finding a “natural alliance” in their mutual contempt for China. Hence, the theoretical underpinning of their expanding partnership is countering China.
2. **Economic Foundation:** Commentators argue that the India-Taiwan trade partnership is the foundation of the expanding ties. However, they argue that it is marred by challenges, which make it untenable for Taiwanese firms to export to or invest in the Indian market, and result in an “unsustainable” trade deficit for India.

3. **Self-assurance Framework:** Chinese analysts argue that even though New Delhi has not officially used the phrase ‘One China Policy’ since 2009, it does not have the courage to abandon the “One China Principle”. However, they contend that if India really believes it has a “Taiwan card” to play, then it must be warned about all the possible countermeasures China can use.

III. Theoretical Underpinning

In a May 2024 article⁵ on Weibo, a military blogger (军事博主) who goes by the handle ‘1002什么’⁶ discussed the theoretical underpinning of an expanding India-Taiwan relationship. From India’s perspective, he argued that in the aftermath of the 2017 Doklam standoff, India found it important to ally closely with the US to counter China. As India finds China to be a “comprehensive obstacle” (全面阻碍), this sentiment to counter China is precisely what underpins the expanding India-Taiwan partnership as well.

Further, the article specified that even though India has not abandoned its ‘One China Policy’, adherence to it has “loosened” (松动) under the Modi administration. The argument that India-China relations have witnessed a deterioration in the time period between 2014, when the Modi-led government was elected, and today, carries merit; however, Chinese incursions and transgressions

along the border have been a source of increasing concern since 2008. In that sense, the claim that heightened tensions are of recent provenance is tenuous given that China's surmounting escalations predate 2014. In this light, the theoretical backdrop the article attempts to set up, discounts the historical ebbs and flows of India-China relations.

What is indeed recent, is what the article terms as India's strategy of "economic de-Sinicisation" (去中国化). The article says this is occurring due to an interplay of both India's own threat perception vis-à-vis China, and its policy focus on self-reliance through indigenisation of critical supply chains and promotion of ease of doing business. Taiwan is a crucial partner in India's bid to secure in-house semiconductor production facilities, and over 200 Taiwanese firms⁷ have invested in India's electronic, information technology, steel, shipping, and automotive industries. However, standalone, this does not support the article's thesis that India is using trade to "upgrade" its ties with Taiwan and carry out "economic de-Sinicisation," given that India's quest for becoming an important link in the semiconductor supply chain is a result of factors such as economic autonomy, vagaries of global supply in the aftermath of the COVID-19 Pandemic, and technological self-reliance.

This argument also sheds some light on the internal debate within the Chinese analytical community. It is between one strand of scholars who propose that the India-Taiwan trade relationship is not sustainable enough to make a serious impact on India's "de-Sinicisation" project, and another strand of scholars such as '1002 仝', who deem it of great significance in the project.

Some other commentators believe that India and Taiwan's mutual contempt of the PRC can actually create a "natural alliance" between them. Zhang Hua, Deputy Director of the Research Department at the Institute of Taiwan Studies, Chinese Academy of Social Sciences, is one such commentator. His article for China Economic Net in the aftermath of the Doklam standoff in 2017, for example, makes the case that India-Taiwan relations have the potential "to get out of control" because of the two sides' mutual distrust in China. Subsequently, he recommends that the mainland "needs to closely monitor" the relationship.⁸

He highlights two particular issue areas in the domain of military security that are interesting to note:

1. First, he calls military intelligence exchanges between India and Taiwan noteworthy, citing examples such as secret visits made by former Taiwanese National Security Council Secretary-Generals Chiu Chui-cheng and Lin Chong-bin to India, and the institution

of the “Backdoor Plan” (后门计划), under which, the two sides set up a joint communications post to collect data from Chinese southwestern provinces. Since the “de-facto” Taiwanese embassy in New Delhi, the Taiwan Economic and Cultural Center, continues to boast a defence “attaché” of sorts, Zhang opines that it signals continued commitment to building military intelligence ties, which can also be deployed to aid India on the border or Taiwan in the Strait.

2. Secondly, Zhang argues that India and Taiwan can collaborate on jointly strengthening the voices of “Tibetan separatist” and “Taiwanese independence” forces. Given that India is home to a large Tibetan community-in-exile, Zhang believes that India has the potential to enable exchange of best practices between them and those demanding “independence” of Taiwan. This, he explains, should especially be prevented by taking measures against a potential visit by the Dalai Lama to Taiwan. Zhang also attempts to draw a complementarity between the declining mainland tourism to Taiwan, and the increasing numbers of Taiwanese tourists who visit India for “religious tourism.” If religious tourism in this context is believed to be inspired by India’s Buddhist culture and history, proliferated by the Tibetans-in-exile, then one can see why Chinese scholars would be critical.

IV. Economic Foundation

Many Chinese scholars contend that regardless of how impactful they are, the foundation of India-Taiwan relations continue to be their trade ties. This sentiment is coupled with the idea that despite the two sides' focus on enhancing trade ties, the driving logic is not necessarily economic growth and sustainability, but the geopolitical push to counter China. An interesting analytical piece to refer to in this regard, is Liu Zongyi's September 2023 article for 'World Knowledge' Journal.⁹ Liu, a Senior Fellow at the Shanghai Institutes for International Studies (SIIS), is renowned for his critical insights on Indian foreign policy and domestic politics.

Liu's article represents the strand of thought that dismisses any substantial enhancement in India-Taiwan economic relations as a misguided shot in the dark. He argues, for example, that the massive spike in Taiwan's investments in India between 2019 and 2024 still contributes only one percent of Taiwan's total foreign investment. Similarly, he says that even though the India-Taiwan trade numbers are climbing, they amount to only 1/30th of the trade between Taiwan and the mainland. Therefore, as per Liu, it constitutes nothing meaningful, especially in comparison to Taiwan's ties with China. Further, he articulates three major challenges that make India-Taiwan economic ties unsustainable:

1. **India has an “unfriendly business environment” for foreign investors:** Citing the example of Taiwanese electronics manufacturer Wistron’s withdrawal from the Indian market in 2023 due to labour disputes and administrative penalties levied by the Indian government on the company, Liu makes the case that operations of Taiwanese enterprises in India have been “far from smooth.” The fundamental dichotomy at the base of such an unfriendly business environment, as Liu suggests, is that the calls to “Make in India” discount the permeating “anxiety” that foreign enterprises will harm indigenous industry.
2. **Infrastructural issues:** Throughout the piece, Liu refers to India’s ambitions of becoming a “global power” by developing a robust domestic semiconductor chip manufacturing industry. He deems it that India fears being sanctioned by the US in the technological domain, just like China has been in the past few years. In this regard, India’s quest to enhance its trade ties with Taiwan are also meant to extract benefits for the development of its domestic chip industry. In this regard, Liu cautions Taiwanese firms that India cannot provide pollution-free environments, uninterrupted power supply, and large amounts of clean water for semiconductor production. He also attempts to warn Indian policymakers that Taiwanese enterprises are known for putting “business viability and operational costs” above all else, and so expectations must be tempered.

3. **India's own concerns:** Liu makes the case that India sees no value in signing the 'Free Trade Agreement' that has long been under negotiation with Taiwan. He argues so because India's approach is not to enable cheap imports of electronics and chip components from Taiwanese manufacturers, but rather to build domestic production capabilities for such components, with foreign manufacturers as participants. Coupled with this goal, Liu highlights, is India's fear of a massive trade deficit with Taiwan, which anyway currently stands close to US \$6 billion. In this regard, it would be challenging for the two sides to conclude an FTA because of their clashing visions for the partnership.

It is important to note here that some of Liu's writing reflects challenges the India-China economic relationship has witnessed, and projects them in the context of the India-Taiwan relationship. For example, his description of India's business environment for Taiwanese companies mirrors experiences that Chinese firms have themselves faced operating in India. In the same article, Liu cites the example of Xiaomi, whose local Indian bank accounts were frozen in May 2022 for "illegally remitting funds to foreign entities." Hence, the sentiment against Taiwan investing in the Indian market is also derived from impacts felt closer to home.

Similarly, his arguments surrounding India's fear of a trade deficit can be applied also to India's approach to trading with China. The approach is increasingly cautious and firm, even though trade numbers have only expanded over the years. Given that India is massively in a deficit against China, and has consequently pursued policy actions to restrict imports from Chinese firms, Liu applies the same lens to conclude the unsustainability of the India-Taiwan trade partnership.

V. Self-Assurance Framework

In addition to highlighting the bountiful challenges of India-Taiwan economic ties, Chinese analysts and commentators often refer to the geopolitical realities of why closer relations between the two are unlikely to work out. It reflects their self-reassuring stance.

In a 2021 piece published by *Global Times*, Ai Jun, a regular columnist, argued that India's "head is swollen by ego" if it believes it has a "Taiwan Card" to play.¹⁰ The sentiment against Taiwan being a vital factor in India-China relations is a common thread in Chinese analytical writing on the subject. And the primary contention analysts submit as evidence in this regard, is India's unwillingness to let go of the 'One-China Principle'.

The *Global Times* commentary acknowledges that New Delhi “does not have the nerve” to break the One-China Principle by introducing the Taiwan factor in India-China relations. Further, they argue that this would mean brushing “both history and common sense” under the rug. In this context, such commentators either implore Indian policymakers to err on the side of reason while taking a stance on the Taiwan issue, or threaten them with a diverse set of countermeasures. Ai Jun himself argues that if India supports “secessionist forces” in Taiwan, China may respond by not recognising Sikkim as a part of India.¹¹

Another article published in *Sina News* in 2020, by a Chinese commentator based out of India at the time¹² – Xu Ruoyun, discussed similar countermeasures if India attempted to violate the One-China principle. He quotes Dr. Long Xingchun, President of the Chengdu Institute of World Studies, as saying, “*In India, especially in the northeast, there are currently multiple armed groups operating, and they are also seeking China's support. China could now remind some irresponsible Indians through civilian means and public opinion: if you truly play the ‘Taiwan card’, China can play the ‘Northeast card’.*” This common thread speaks particularly to the Chinese anxiety that India will threaten to abandon recognition of China’s perceived sovereignty and territorial integrity, in exchange for Chinese recognition of India’s established sovereignty over border territories.

In terms of broader geopolitics, Chinese analysts also often refer to India as a “pawn” of the US,¹³ and many see India’s expanding relations with Taiwan as a sign that the India-US-Taiwan trilateral may be joining hands to counter China. Specifically, in the *Sina* article cited above, Long Xingchun makes the case that voices advocating the “Taiwan card” have started appearing in India simply because the US is adjusting its Taiwan policy away from strategic ambivalence.

Similarly, commentator Terry Jiang, speaking in an interview hosted by the Chinese media platform *Phoenix New Media* in 2020,¹⁴ argued that amidst the India-China border conflict, India made a symbolic move to assign Gourangalal Das as envoy to Taiwan.¹⁵ Mr. Das headed the US division in the MEA before this posting. And in this regard, Jiang concluded that India is enabling a convergence between the US’s Indo-Pacific Strategy and India’s Asia-Pacific Strategy. Hence, by both discussing the repercussions of India’s actions vis-à-vis Taiwan and undermining its agency as an actor by referring to it as a pawn in the US’s strategic moves, Chinese analysts dismiss the possibility of India playing a ‘Taiwan card’ against China.

VI. Conclusion

As India sets to navigate the complexities of its relations with China and the US, its partnership with Taiwan is under the radar. Chinese analysts have resorted to cautioning both India and Taiwan against investing in the relationship, for reasons ranging from unsustainability of their approaches to trade, to the countermeasures China will be incited to take if India violates the ‘One-China Principle’. In any case, the common recommendation to the Chinese party-state remains to closely monitor the India-Taiwan relationship, and prevent the creation of a “natural alliance” (自然同盟) between the two sides.

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