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Beyond the Thaw: The Emerging Architecture of India–China Competition Management

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EXECUTIVE BRIEF & KEY FINDINGS

India and China are moving beyond post-2020 crisis management toward a more institutionalised framework for managing strategic competition. The August 2026 Special Representatives' talks established separate mechanisms for border management and boundary delimitation, alongside measures to reduce the risk of military escalation. While political and economic engagement is gradually normalising, unresolved territorial claims, military deployments, strategic mistrust and China–Pakistan ties continue to constrain the relationship. The emerging model is therefore not a strategic reset, but managed coexistence- combining engagement, competition and deterrence.

India and China are discussing boundary delimitation at a time when tens of thousands of troops are still estimated to remain deployed in forward areas along their disputed frontier. At first glance, this appears contradictory. It is not. The 25th round of Special Representatives' Talks on the India–China boundary question, held in Beijing on 25 August 2026 between National Security Adviser Ajit Doval and Chinese Foreign Minister Wang Yi, points to something more significant than another diplomatic "thaw". New Delhi and Beijing appear to be

moving beyond the immediate task of preventing a repetition of the 2020 crisis and towards constructing mechanisms that could make a prolonged strategic rivalry more manageable.

The eight outcomes announced after the meeting do not constitute a breakthrough on the boundary dispute. Nor do they indicate a return to the assumptions that shaped bilateral relations before the Galwan Valley clash. Instead, their importance lies in an emerging two-track architecture: one track aimed at managing the border and preventing incidents from escalating, and another intended to keep alive the much more difficult process of boundary delimitation and eventual settlement.

This distinction matters. India–China relations are becoming more functional, but they are not undergoing strategic reconciliation. The more plausible interpretation is that the two Asian powers are beginning to institutionalise the management of a competition neither currently appears capable of resolving.

From Disengagement to Institutionalisation

The present phase of India–China relations begins with the rupture of 2020. The military confrontation in eastern Ladakh, and particularly the deadly clash in the Galwan Valley in June 2020, undermined a central assumption that had governed bilateral relations for decades: that India and China could expand trade, political interaction and multilateral cooperation while containing their unresolved territorial dispute. For New Delhi, the events of 2020 demonstrated the limits of that compartmentalisation. India subsequently insisted that peace and tranquillity along the Line of Actual Control could not be separated indefinitely from the broader bilateral relationship.

The October 2024 agreement on patrolling arrangements in Depsang and Demchok therefore marked an important turning point. According to the Indian government, it led to disengagement from the friction points created by the 2020 crisis and permitted the resumption of patrolling and, where applicable, grazing according to longstanding practices.

That agreement opened political space for Prime Minister Narendra Modi and President Xi Jinping to meet in Kazan on 23 October 2024. The Indian readout of the meeting was instructive. Modi welcomed the disengagement agreement but simultaneously emphasised that differences and disputes needed to be managed without allowing them to disturb peace and tranquillity. The two leaders also agreed to revive the Special Representatives mechanism and other diplomatic channels with the explicit objective of stabilising and rebuilding relations.

The process continued in 2025. When Modi met Xi again in Tianjin in August, the two sides described India and China as development partners and not rivals. Yet the Indian statement also recorded Modi's insistence on the importance of peace and tranquillity in the border areas for the continued development of bilateral relations. This combination greater political engagement couple with continued security conditionality has become the defining feature of the current relationship. What changed in Beijing in August 2026 is that this approach began to acquire a clearer institutional form.

A Two-Track Architecture

The most consequential element of the 25 August agreement is easily overlooked amid the language of dialogue and cooperation. The two sides agreed that an Expert Group on Boundary Delimitation and a Working Group on Border Management under the Working Mechanism for Consultation and Coordination on India–China Border Affairs would pursue separate but related tasks. The former will advance discussions on what the official document calls an "Early and Substantial Harvest" of boundary delimitation; the latter will focus on border management. The first task of both groups will be to agree on their terms of reference.

The wording should not be overstated. There is no evidence that India and China are close to a comprehensive boundary settlement. The territorial dispute is complex, politically sensitive and intertwined with very different understandings of the Line of Actual Control.

Nevertheless, the distinction between managing the border and negotiating the boundary is strategically important. Since 2020, the immediate focus has necessarily been on disengagement: separating troops, restoring patrolling arrangements and preventing another violent encounter. The August 2026 outcomes suggest an attempt to move beyond that emergency logic.

Border management can now proceed even if boundary settlement remains distant. The agreement reinforces this approach in several ways. India and China committed to addressing incidents on the ground promptly through existing diplomatic and military mechanisms in order to avoid misunderstanding and miscalculation. They discussed improving their understanding of the LAC in appropriate areas. They agreed to add two meeting points for senior military commanders and two additional military hotline channels in the Eastern and Middle Sectors. They also agreed to continue cooperation on issues such as trans-border rivers, pilgrimage and border trade. None of these measures is dramatic on its own. Their cumulative significance is different. They indicate an effort to build guardrails around a relationship in which the underlying strategic disagreement is expected to persist. That is a more ambitious

objective than crisis management, even if it is considerably less ambitious than reconciliation.

Normalisation But on New Terms

It would therefore be misleading to argue that India is resisting normalisation with China. New Delhi is clearly participating in it. Political exchanges have resumed. Modi returned to China in 2025 after a seven-year absence. The Kailash Mansarovar Yatra resumed. Direct connectivity and border trade have gradually returned. The August 2026 agreement itself explicitly links peace in the border areas to creating conditions for the healthy and stable development of the wider relationship.

According to the Chinese official readout of the latest Special Representatives' meeting, Doval described India and China as cooperative partners rather than competitors and called for a stable, predictable and forward-looking relationship. That language should be treated with appropriate caution because it appears in Beijing's account of the discussions rather than an Indian transcript. But it is broadly consistent with the formulation agreed by Modi and Xi in Tianjin in 2025 that the two countries should view themselves as development partners rather than rivals. The Indian position, however, remains conditional. External Affairs Minister S. Jaishankar reiterated only days before the August talks that the deterioration between 2020 and 2024 had been driven primarily by the situation in the border areas. He again characterised peace and tranquility there as a prerequisite for good relations and argued that the state of the border would, to a large extent, determine the state of the broader relationship.

The result is not the restoration of the pre-2020 model

Before Galwan, expanding economic interaction and high-level political engagement were often expected to help insulate the overall relationship from the unresolved boundary dispute. The experience of 2020 weakened that assumption. The emerging model reverses the logic: sufficient stability at the border creates the political space in which wider engagement can proceed. India is therefore accepting the normalisation of interaction, but not assuming that increased interaction has itself produced strategic trust. That is a significant distinction.

Competition Has Not Been Suspended

The limits of the current rapprochement are equally important. First, disengagement has not produced complete military de-escalation. A Carnegie India study published in July 2026, based on developments through 1 June, estimated that both India and China continued to maintain approximately 50,000–60,000 troops each in forward areas along the border. The study described de-escalation as a continuing Indian imperative. Second, the wider structural sources of competition remain intact. China's relationship with Pakistan continues to shape

Indian strategic calculations. A May 2026 China–Pakistan joint statement reaffirmed the countries' All-Weather Strategic Cooperative Partnership", committed them to the further development of CPEC 2.0 and again included language on Jammu and Kashmir that New Delhi rejected.

This is not simply an irritant in otherwise improving bilateral relations. For India, the China–Pakistan relationship links the continental challenge posed by China to another longstanding security problem, while CPEC continues to raise questions of sovereignty because elements of the corridor pass through territory claimed by India. Nor has India's improved engagement with Beijing displaced its wider Indo-Pacific strategy.

In May 2026, India hosted the Quad Foreign Ministers' Meeting in New Delhi. India, Australia, Japan and the United States continued to advance cooperation in maritime security, critical minerals, resilient supply chains, energy security and critical and emerging technologies. This should not be simplified into an argument that India is using the Quad as an anti-China alliance. New Delhi itself rejects such an interpretation. The more important point is that India is simultaneously improving the predictability of its relationship with Beijing while continuing to invest in maritime capacity, economic resilience, technological partnerships and a wider network of strategic relationships across the Indo-Pacific. Engagement and balancing are occurring at the same time. For Indian foreign policy, that is not necessarily a contradiction.

From Crisis Management to Competition Management

The more useful question, therefore, is not whether India and China are becoming friends or remaining rivals. It is whether they can construct a durable relationship in which rivalry does not repeatedly produce crisis. The August talks suggest three levels at which such a system could operate. At the first level is incident management: hotlines, commander meetings and diplomatic mechanisms intended to prevent local events from escalating.

At the second is border management: arrangements concerning patrolling, understandings of the LAC and military behaviour that can preserve stability even while territorial claims remain unresolved. At the third is boundary negotiation: the much slower political process of delimitation and, ultimately, settlement.

The importance of the latest talks is that these three levels are increasingly being treated as related but not identical. A final boundary settlement need not be imminent for the border to become more manageable. Conversely, a quieter border need not imply that the strategic competition has disappeared. This is the essence of the emerging architecture.

For New Delhi, such an arrangement has obvious advantages. A more predictable northern frontier allows India to allocate political and strategic attention across a much wider agenda: Pakistan, the Indian Ocean, technological competition, economic security and an increasingly unstable extended neighbourhood. It also reduces the danger that a tactical military incident can abruptly overwhelm other areas of foreign policy.

But managed competition is not risk-free. Its durability will ultimately depend not on the number of new mechanisms created but on whether both sides respect the understandings that sustain them. India's experience since 2020 makes caution rational. Institutional arrangements can reduce uncertainty, but they cannot substitute for deterrence or eliminate fundamental disagreements.

Beyond the Language of a Reset

India–China relations are clearly more functional in August 2026 than they were during the years immediately following Galwan. It would be equally mistaken to deny that improvement and to describe it as reconciliation. A reset implies a return to an earlier equilibrium.

What is taking shape is different. The experience of 2020 changed Indian assumptions about the relationship. The emerging architecture does not require New Delhi to decide whether China is a partner or a competitor in every policy domain. It permits cooperation where interests overlap, competition where interests diverge, and deterrence where the security stakes require it. The significance of the 25th Special Representatives' meeting lies precisely here.

For the first time in the post-Galwan phase, the relationship appears to be moving beyond an overriding focus on disengagement towards a more differentiated system: one mechanism for preventing incidents, another for managing the frontier, and another for pursuing the longer-term boundary question. Whether this architecture will endure remains uncertain. The most difficult issues military de-escalation, territorial claims, strategic mistrust and the broader Asian balance of power remain unresolved.

But India and China may no longer be waiting for those problems to disappear before determining how the rest of their relationship should function. They are beginning to build institutions around their persistence. That is not a strategic reset. It is a shift from crisis management to institutionalised competition management and, if sustained, it may prove to be the most consequential change in India–China relations since Galwan.

The views expressed are those of the authors and do not represent the views of CNAWS.

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