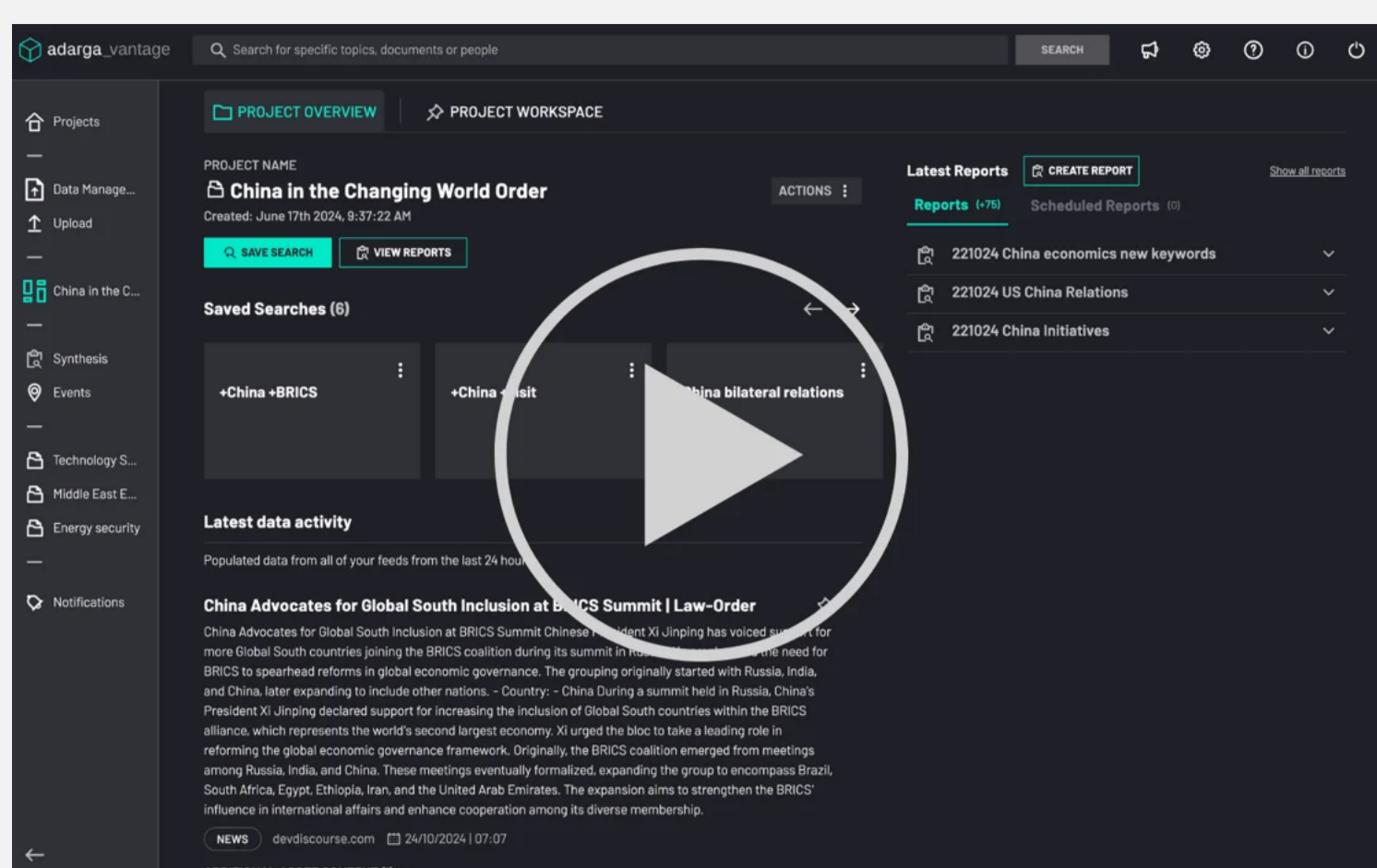


This week, at the request of readers, we provide a glimpse into how our in-house analysts leverage Adarga's unique AI capabilities to enhance the speed, breadth, and quality of insights they provide on geopolitical developments. Watch our video below to find out more.



This week's issue also looks at:

- The India-China Border Patrols Agreement - a tactical or strategic move?
- HSBC restructure announcement and what this means for a potential 'Great Split'

Read the full report below.

DEFENCE

India-China Border Patrols Agreement

India and China have reached an agreement on border patrolling arrangements along their contested Line of Actual Control (LAC), following several years of military tensions that have persisted since the violent clashes in the Galwan Valley in 2020.¹ This announcement, made by India's Foreign Secretary Vikram Misri during a special media briefing on 21 October, specifies a framework for military patrols in disputed areas and aims to facilitate disengagement and resolution of past conflicts.^{2,3} Misri indicated that these discussions have unfolded over several weeks, reflecting a positive engagement between Indian and Chinese diplomatic and military officials.^{4,5}

In the weeks before the announcement, both Indian and Chinese media read-outs had indicated a softening of rhetoric from both sides. On 8 October at a press conference, Chinese Foreign Ministry spokesperson Mao Ning highlighted China's commitment to enhancing communication and mutual trust with India, emphasising the importance of stable bilateral relations.⁶ Recent diplomatic engagements, including the 31st meeting of the Working Mechanism for Consultation and Coordination (WMCC) on the India-China Border on 29 August, had indicated a narrowing of differences and recognition of the need for peace and tranquillity in border areas.⁷ In their read-out from meeting the Indian Ministry for External Affairs Minister, both sides agreed to jointly uphold peace and tranquillity on the ground in border areas in accordance with relevant bilateral agreements and protocols.⁸

In an interview with local media, former Indian Ambassador Gautam Bambawale described the agreement as a pivotal development and speculated that it could lead to higher-level meetings. He speculated that we could see a meeting happen between Indian Prime Minister Narendra Modi and Chinese President Xi Jinping during the upcoming BRICS Summit.⁹ He was right. On 23 October, the two leaders met on the sidelines of the BRICS summit in Kazan, Russia.¹⁰ This is the first formal meeting between the two leaders in five years and has been widely interpreted as a signal of a potential thawing in the bilateral relationship.^{11 12 13}

Adarga Analysis: This agreement marks a significant development in the border relations between India and China, particularly in the eastern Ladakh region. The origins of these border tensions can be partially traced back to unresolved disputes following the 1962 Sino-Indian War, particularly in Aksai Chin and Arunachal Pradesh.¹⁴ Periodic clashes have occurred, but the 2020 Galwan Valley incident was a pivotal moment, resulting in significant casualties on both sides.

The 2020 clashes disrupted previous efforts for maintaining peace and stability in the region, with both sides establishing buffer zones and limited patrols in certain areas like Depsang Plains and Demchok.^{15 16} However, they also catalysed a serious deterioration in trust between the two countries, with direct implications for other significant parts of the bilateral relationship. In particular, there was a backlash against Chinese technology companies with India banning 267 Chinese apps on national security grounds the same year.¹⁷

The new consensus suggests both nations are working towards a return to more stable conditions akin to those before 2020, with the ultimate shared goal highly likely to be a reduction in military tensions and a return to more routine patrols by both nations in previously restricted zones.^{18 19} The agreement also demonstrates the value of sustained diplomatic and military dialogues conducted through bilateral mechanisms, including the WMCC. These mechanisms have previously been crucial in resolving earlier standoffs along LAC at locations like Pangong Tso and Hot Springs, although Depsang and Demchok have remained contentious until this breakthrough.

The timing of the agreement is also notable, announced on the eve of the BRICS Summit in Russia. As previously mentioned, the announcement initially sparked speculation surrounding the potential for a high-level meeting between Indian Prime Minister Narendra Modi and Chinese President Xi Jinping which then occurred on the sidelines of the BRICS Summit in Russia.

However, while this agreement and the high-level meeting are positive steps for regional stability, analysts should be cautious about overstating a potential 'thaw' in the relationship, given their broader strategic context. It is more likely that this represents a tactical easing of tensions rather than a fundamental shift in underlying strategic dynamics. The agreement does not imply a resolution to the underlying border dispute itself. Persistent distrust is likely to remain in the relationship, fuelled by the legacy of previous clashes as well as other factors such as China's continued infrastructure buildup near the border, India's alignment with the United States and other Quad members, as well as the broader strategic competition between the two powers for influence in the Indo-Pacific region.^{20 21 22}

Consequently, we interpret the announcement as a tactical move to manage bilateral tensions ahead of high-level multilateral engagements, so as to enable a stable environment around the BRICS summit that allows both nations to focus on their respective domestic and regional priorities and emphasise areas of cooperation. Therefore, despite the immediate diplomatic gains, both countries are likely to maintain a cautious stance and remain wary of each other's intentions in the longer term.

ECONOMICS

HSBC restructure announcement

On 22 October, HSBC Holdings plc announced a significant restructuring of its operations, which will take effect on January 1, 2025. The bank will simplify its organisational structure by dividing it into four main business lines: Hong Kong, UK, corporate and institutional banking, and international wealth and premier banking.^{23 24} This reorganisation aims to improve clarity in roles and responsibilities, eliminate duplication of processes, and enhance efficiency in serving customers.^{25 26 27} The geographic footprint will also be restructured, with a focus on splitting operations into Eastern and Western markets. The Eastern Market will encompass the Asia-Pacific and Middle East regions, while the Western Market will comprise operations in the UK, mainland Europe, and the Americas.^{28 29 30 31}

As part of the changes, HSBC has appointed Pam Kaur as Group Chief Financial Officer, marking the first time a female has held this position in the bank's history.^{32 33} Kaur, currently the Group Chief Risk and Compliance Officer, will assume her new role on January 1, 2025.^{34 35} Additional leadership changes have been made, including the reduction of the executive committee from 18 to 12 members, now termed the Group Operating Committee.^{36 37}

The restructuring is also expected to lead to job cuts, as the bank aims to streamline operations and reduce management costs.³⁸ HSBC has indicated that redundancies are likely as it consolidates overlapping senior roles.³⁹ The new executive structure is intended to promote better cooperation across the newly merged divisions and enable HSBC to focus on its strategic priorities, particularly in markets where it has a competitive advantage.^{40 41}

Adarga Analysis: The move by HSBC is not a surprise for many. The challenges of trying to work in China were made apparent when HSBC and its fellow British bank Standard Chartered were forced in 2020 to publicly back the Hong Kong government's National Security Law following mass civil protests.⁴² This backing was then heavily criticised by British MPs from both sides of the aisle.⁴³ As geopolitical tensions increase between China and the West, it is likely that events like this will continue to happen. The reorganisation is most likely being done to create some kind of flexibility in response to future crises like this.

There is a wider argument in the bank as to where to focus in the future. Should the bank stick with China, where it makes the most money? Or should it stay close to its British roots?

The arguments within the bank are reflective of a wider debate on which side the UK should sit amidst rising tensions between China and the US. Many businessmen and women, especially those representing significant interests in China, have called for the UK to be more aligned to Beijing than Washington. People supporting this stance included Sherard Cowper-Coles, a former advisor to HSBC. He ended up being forced out of his job for criticising the UK's stance on China, saying that Britain was "weak" for going along with US demands to curtail business dealings with China.⁴⁴

Many more companies are going to find themselves having to work out a way of dealing with a dividing world. HSBC is far from the last in being forced to make changes to ride both sides. The real question is whether or not a Great Split will happen in future: a rapid economic and political decoupling between the West and China and its partners. If this happens, then companies that have prepared for such an eventuality will have a marked advantage over those who choose to keep their head in the sand hoping the geopolitics will go away.

ABOUT

Briefly - China in the Changing World Order

Adarga is a leader in AI-driven information intelligence for defence, national security, and commercial organisations.

'Briefly' is brought to you by Adarga's geopolitical and economic experts, leveraging our highly curated data sets and Vantage software, which is designed to increase the quality, speed, and breadth of insight through the application of cutting-edge AI tools.

Time taken to generate research for this report with Adarga Vantage:

<10 seconds

Articles & papers scanned:

7.67 million

Including articles from: China, France, Germany, Hong Kong, India, Ireland, Saudi Arabia, Turkey, UK, US

References

- India-China LAC agreement
- India - China agree to 'narrow down differences' in latest round of border talks | (monitoring.bbc.co.uk)
- India-China Border Patrolling Deal: A New Dawn in Diplomacy | Headlines
- India, China agree to 'narrow down differences' in latest round of border talks | (monitoring.bbc.co.uk)
- India says agreement with China on contested border patrols, foreign ministry | The Standard
- Ready to enhance communication with India, increase mutual trust', Chinese Foreign Ministry
- Tensions with China will continue until forward deployments are addressed, EAM Jaishankar
- Tensions with China will continue until forward deployments are addressed, EAM Jaishankar
- India-China LAC Agreement Paves Way for Potential Modi-Xi Meeting | International
- What led to Modi and Xi meeting and thaw in ties
- What led to Modi and Xi meeting and thaw in ties
- Xi Jinping's meeting with Narendra Modi signals India-China thaw
- Narendra Modi and Xi meet
- How India and China arrived at a Patrolling agreement
- How India and China arrived at Patrolling agreement
- India-China reach agreement on LAC patrolling
- The problem with India's geo-ban
- India-China agree on patrolling deal
- India-China Border Patrolling Deal: A New Dawn in Diplomacy | Headlines
- India says agreement with China on contested border patrols, foreign ministry | The Standard
- Delli says India, China reach agreement on patrolling along disputed border
- https://www.arabnews.com/node/2576471/world
- HSBC To Reorganize Into Four Units - Names Pam Kaur Group CFO, Effective Jan. 1
- Major business restructuring, HSBC recently announced | Phoenix News
- HSBC To Reorganize Into Four Units - Names Pam Kaur Group CFO, Effective Jan. 1
- Major business restructuring, HSBC recently announced | Phoenix News
- HSBC leaves door open for 'major cost cuts, Asia focus as revamp sparks leadership shake-up | South China Morning Post
- Major business restructuring, HSBC recently announced | Phoenix News
- East and West, HSBC splits in major revamp, appoints 1st female CFO
- HSBC leaves door open for 'major cost cuts, Asia focus as revamp sparks leadership shake-up | South China Morning Post
- HSBC to restructure with multiple changes and divestitures | EuroNews
- HSBC To Reorganize Into Four Units - Names Pam Kaur Group CFO, Effective Jan. 1
- HSBC to restructure with multiple changes and divestitures | EuroNews
- HSBC To Reorganize Into Four Units - Names Pam Kaur Group CFO, Effective Jan. 1
- HSBC chief Georges Elhedery unveils sweeping overhaul of lender
- Major business restructuring, HSBC recently announced | Phoenix News
- East and West, HSBC splits in major revamp, appoints 1st female CFO
- HSBC's Strategic Overhaul: Job Cuts and Geographic Realignment | Business
- HSBC's Strategic Overhaul: Job Cuts and Geographic Realignment | Business
- HSBC shake-up sees operations split between East and West | EuroNews
- HSBC chief Georges Elhedery unveils sweeping overhaul of lender
- HSBC standard chartered back Hong Kong Security Law
- HSBC and Standard Chartered criticised by conservatives
- HSBC executive exit

To provide feedback on Briefly - China in the changing world order, or suggest themes that you would like to see covered, please email hello@adarga.ai



Adarga, Embassy Tea House, 195-205 Union Street, London, Southwark SE1 0LN, United Kingdom

[Unsubscribe](#) [Manage preferences](#)