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### India

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**Managing U.S.-China Rivalry:  
India's Non-escalatory Reinforcement**

*Frédéric Grare*

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## EXECUTIVE SUMMARY

This chapter examines how India manages the tensions between the U.S. and China vis-à-vis its own independent efforts of balancing China while maintaining some form of cooperation.

### MAIN ARGUMENT

The intensification of the rivalry between the U.S. and China does not change the nature of the challenges to India's interests. It does, however, exacerbate the tensions and potential contradictions within Indian foreign policy. This is particularly true with regard to India's relations with China. China's growing rivalry with the U.S. does not substantially alter its differences with India, but in a context of growing polarization, this rivalry tends to transform those differences into leverage points for China to try to weaken the links between India and the U.S. Similarly, it does not affect the congruence between U.S. and Indian objectives but does strain the condition under which this congruence could be translated into actual cooperation.

### POLICY IMPLICATIONS

- India's strategic, political, and economic interests converge with those of the U.S., and New Delhi will not do anything that may undermine Washington's position vis-à-vis China so long as U.S. policies will not affect major Indian interests. It could therefore be counterproductive for the U.S. to be excessively transactional or try to coerce India into policies that are detrimental to its regional interests.
- Possible U.S. frustration will be subtly compensated for by India mobilizing capacity around U.S. objectives in places where the U.S. is quasi-absent. The inclusion of the East African shores in the Indian concept of the Indo-Pacific should be understood in this perspective.
- The slow pace of Indian economic reforms generates questions regarding India's ability to manage its power asymmetry with China. The U.S. should therefore manage its own expectations and incentivize, rather than coerce, India to reform.

## Managing U.S.-China Rivalry: India's Non-escalatory Reinforcement

*Frédéric Grare*

Despite a long tradition of nonalignment, India has never been a neutral observer of U.S.-China strategic competition but has concerns of its own vis-à-vis China. Persisting territorial disputes and painful memories of the 1962 Sino-Indian War make the prospect of being left alone to face Beijing particularly daunting. Moreover, the spectacular increase of China's power following the reforms initiated in the early 1980s led New Delhi to worry about the possibility of a Chinese-led regional order. The fear of a powerful and potentially hegemonic China therefore has been a strong motivation for India to look for new partnerships, including with the United States. Yet rapprochement would have been impossible without the United States having similar concerns that Chinese hegemonic designs in Asia constitute a challenge to U.S. interests in the region.

Such a challenge remained a distant prospect when the rapprochement was initiated, and it competed in U.S. political thinking with the perception that an increasingly prosperous China could be socialized over time into Western norms and values. Moreover, because the idea that a strong India served the strategic interest of the United States prevailed at the time, Washington was willing to support it without expectations of reciprocity. India thus could maintain a carefully calibrated public posture vis-à-vis China while growing closer to the United States. In such a context, India became the desired yet inaccessible prize in U.S.-China strategic competition. This enabled the country to simultaneously engage and balance China, including in military matters, while maintaining a strong degree of political and strategic autonomy.

However, the increasingly open and intensifying competition between the United States and China has altered the strategic environment in which India has defined its foreign policy since the end of the Cold War. U.S. economic disillusion with China as a result of its unfair trade practices, intellectual property theft, and forced technology transfer policies, combined with China's aggressive behavior, malicious cyberactivities, and influence operations overseas, has led the United States to openly "take up the challenge of the long-term strategic competition with China."<sup>1</sup> The resulting regional polarization tends to turn every relationship with the two giants into a zero-sum game and affects every partner of India in Asia, thereby limiting New Delhi's own space to maneuver and eroding some of the pillars of its regional policy.

This chapter examines how India manages the growing tensions between the United States and China vis-à-vis its own independent efforts of balancing China while maintaining some level of economic cooperation. It argues that the new intensity of the U.S.-China competition does not fundamentally change India's foreign policy. Instead, India must continue to carefully manage its complicated relations with China, now more than ever, while developing even closer cooperation with the United States. Indian foreign policy will therefore need to become more flexible, even as it continues to adhere to a policy of strategic autonomy. The next section discusses U.S. and Chinese aims in India. The subsequent two sections then assess the intersection of U.S. and Chinese interests with Indian interests and consider India's options for responding to the intensifying Sino-U.S. rivalry. The chapter concludes by drawing implications for U.S. and Indian policy.

## U.S. and Chinese Aims in India

India has never been the primary focus of either China or the United States. China was relatively unconcerned about threats from India until the latter's rapprochement with the United States in the late 1990s. During the Cold War, the United States and India were estranged, and even before then, neither country saw a close relationship as vital.<sup>2</sup> India's closed economy and preferential trade system with the Soviet Union preserved it from the

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<sup>1</sup> Satoru Mori, "U.S.-China: A New Consensus for Strategic Competition in Washington," *Diplomat*, January 30, 2019, <https://thediplomat.com/2019/01/us-china-a-new-consensus-for-strategic-competition-in-washington>. See also Jean-Baptiste Jeangène Vilmer et al., *Les manipulations de l'information: Un défi pour nos démocraties* [Information Manipulation: A Challenge for Our Democracies] (Paris: Institute for Strategic Research at the Military School, 2018).

<sup>2</sup> Stephen P. Cohen, "India and America: An Emerging Relationship" (paper presented to the Conference on the Nation-State System and Transnational Forces in South Asia, Kyoto, December 8–10, 2000).

need to adjust to the constraints of international markets and did not make a relationship with the United States necessary. Similarly, U.S. and Chinese aims in India have never been determined exclusively by the evolution of Sino-U.S. competition, nor has India's positioning played a role in this rivalry. Instead, both countries pursue bilateral objectives with India unrelated to their rivalry but which overlap with and sometimes contradict their strategic aims vis-à-vis one another. Washington looks at India as a potential balancer against China, whereas Beijing is trying to neutralize India. In that sense, with the exacerbation of U.S.-China rivalry, India has become the prize of a zero-sum game.

### *U.S. Aims*

The United States pursues two sets of objectives with India. First, it seeks greater and easier access to the Indian market, which it hopes will become more open. Second, the United States encourages India to play a more active role in regional security and assume a balancing role vis-à-vis China in the Indo-Pacific. Successive U.S. administrations since Bill Clinton have so far maintained a delicate balance between these two sets of objectives. But the risk exists that the relationship will become excessively transactional, which could in turn become a source of tension, and possibly of uncertainty.

The 1990s were indeed an age of transformation for U.S. policy toward South Asia in general and toward India in particular. India's liberalization of its economy and, paradoxically, its decision to conduct nuclear tests were strong factors in rapprochement. After the nuclear tests in 1998, Prime Minister Atal Bihari Vajpayee made clear to President Clinton that India's nuclear weapons were potentially aimed at China, with which deep mistrust persisted.<sup>3</sup> The message was not lost on the United States. U.S. and Indian national interests did suddenly overlap even though both countries were still committed to engagement with China during that period.

In the following decade, however, the relationship experienced its most spectacular development. Following the September 11 terrorist attacks, a sudden (though perhaps superficial) convergence of interests in the war on terrorism cemented the relationship even though it also generated mutual frustration as neither India in Afghanistan nor the United States with Pakistan were, for different reasons, capable of fulfilling each other's expectations. Economically, India experienced an average growth rate of 7.6% for most of the decade, despite a downturn in 2008 and 2009, peaking at 10.3% growth in 2010 and generating new expectations for U.S. and

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<sup>3</sup> "Nuclear Anxiety; India's Letter to Clinton on the Nuclear Testing," *New York Times*, May 13, 1998.

international investors.<sup>4</sup> The relationship reached a qualitative high point in November 2008 with the signing of the civil nuclear agreement at the end of the Bush presidency. Although the actual strategic impact of the agreement has been the object of considerable debate, in particular vis-à-vis Beijing, the political intent was clear. The agreement put India on a par with other nuclear powers, including China.

Successive administrations have had similar expectations vis-à-vis India. But as expectations about India assuming a greater share of the regional security burden and opening up its market grew, so did the frustration. The Obama administration repeatedly stated that it saw India as part of its “rebalance to Asia” strategy, but the tone had changed. Speaking in Chennai in July 2011, Secretary of State Hillary Clinton signaled U.S. impatience by asking India “not just to look east, but to engage east and to act east as well.”<sup>5</sup> Similarly, India was not included in the negotiations for the Trans-Pacific Partnership, a free trade agreement signed (but not ratified) in 2016 by the United States and eleven other countries, most of which are located in Asia.

This trend has accelerated under the Trump administration. The administration has not questioned the fundamentals of the relationship, and it even gave India pride of place in national security planning. In May 2018, U.S. Pacific Command was renamed U.S. Indo-Pacific Command in recognition of the importance of the Indian Ocean region. In addition, some of the administration’s policies vis-à-vis Pakistan and China have been welcomed in New Delhi. The challenge, however, is balancing this approach with President Donald Trump’s focus on bilateral trade issues. He has made his dissatisfaction with India’s lack of economic openness clear, describing the country as the “tariff king” and making derisive comments on its policy in Afghanistan. As provocative as this characterization of India’s economic and foreign policies may be, it nevertheless reflects overall U.S. frustration.

### *Chinese Aims*

In contrast to the United States’ objectives in India, China’s aims are a consequence of its grand strategy in Asia. They have varied over time according to the phases of China’s own development, reflecting its threat perception as well as its expanding strategic ambitions. As a developing country, China competed successfully with India for the leadership of the Non-Aligned Movement. The rivalry ended with the Chinese victory in the

<sup>4</sup> International Monetary Fund (IMF), “Real GDP Growth,” IMF DataMapper, [https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/IND](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/IND).

<sup>5</sup> Hillary Rodham Clinton, “Remarks on India and the United-States: A Vision for the 21st Century” (remarks in Chennai, July 20, 2011), <https://2009-2017.state.gov/secretary/20092013clinton/rm/2011/07/168840.htm>.

1962 war and has been followed by a prolonged period of peace, which lasts to this day, even though the two countries came close to a confrontation in 1987 over Arunachal Pradesh and despite occasional border skirmishes since then.<sup>6</sup>

As an emerging power, China also has sought alliances with other dissatisfied emerging countries, including India. The 1990s saw a drastic change in China's strategic environment. The collapse of the Soviet Union relieved China of its most immediate threat, but it still faced domestic legitimacy problems combined with new external vulnerabilities. The 1990s was the decade during which China was dependent on the outside world for several vital resources necessary for sustainable economic development. It became a net oil importer in 1993, exposing the country to internal threats of subversion as well as external disruptions, in particular from the United States.<sup>7</sup> In this context, the success of the Indian reforms initiated at the beginning of the decade heightened India's expectations and raised the possibility of a renewal of Sino-Indian rivalry. These factors made it imperative for Beijing to neutralize the emerging rapprochement between New Delhi and Washington by exploiting the former's aspiration to become a major player on the world stage. China hoped that India would help keep the United States in check.<sup>8</sup>

However, this policy failed spectacularly. Important factors were China's spectacular rise and increasingly assertive policies and Xi Jinping's ascent to the head of both the Chinese Communist Party and the Chinese state. The persistence of the territorial disputes between the two sides also contributed to worsening Sino-Indian relations.

As a global power, China seeks to limit or prevent altogether India's influence in Asia while trying to discourage the country from partnering with the United States. In regional and international organizations, China maneuvers—although not always successfully—to prevent the accession of India to membership and associated status, thus limiting its potential international influence. Beijing could not prevent India from becoming a member of the East Asia Summit, for example, but it has so far successfully blocked the country's accession to membership in the Nuclear Suppliers Group.

As China identifies itself alternately, but sometimes simultaneously, with each of these three roles (developing country, emerging power, and

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<sup>6</sup> Ashley J. Tellis, "Pursuing Global Reach: China's Not So Long March toward Preeminence," in *Strategic Asia 2019: China's Expanding Strategic Ambitions*, ed. Ashley J. Tellis, Alison Szalwinski, and Michael Wills (Seattle: National Bureau of Asian Research [NBR], 2019), 3–46.

<sup>7</sup> John Lee, "China's Geostrategic Search for Oil," *Washington Quarterly* 35, no. 3 (2012): 76.

<sup>8</sup> M. Taylor Fravel, "China Views India's Rise: Deepening Cooperation, Managing Differences," in *Strategic Asia 2011–12: Asia Responds to Its Rising Powers—China and India*, ed. Ashley J. Tellis, Travis Tanner, and Jessica Keough (Seattle: NBR, 2011).

global power), the hierarchy of its aims, which sometimes balance one another, shifts over time. Its policies combine balancing support to Pakistan and increasingly all of India's immediate neighbors—through political and economic engagement and deterrence—while maintaining pressure on disputed territories. Directly or indirectly, Beijing thus possesses several options for exercising leverage whenever it feels the relation between New Delhi and Washington becomes too close.

## How U.S. and Chinese Interests and Ambitions Intersect with Indian Interests

The intensification of the rivalry between the United States and China has not changed the nature of the challenges to India's interests. It does, however, exacerbate the tensions and potential contradictions within Indian foreign policy. This is particularly true with regard to India's relations with China. Although this growing rivalry does not substantially alter China's differences with India, in a context of growing polarization it tends to transform them into leverage points for China to try to weaken the links between India and the United States. Similarly, the rivalry does not affect the congruence between U.S. and Indian objectives, but it does strain the conditions under which this congruence could be translated into actual cooperation. It should also be noted that the actual impact of the U.S.-China rivalry is often difficult to distinguish from the effects—both positive and negative—of India's own rise on its bilateral relations with China as well as the United States. Moreover, the perception of actual and potential conflicts of interest varies according to the position of decision-makers in each sector of activity. It is therefore necessary to deconstruct this perception per category.

### *Foreign Policy Interests*

*Prevent a Chinese-led regional and international order.* China is seen as a major obstacle to Indian foreign policy ambitions, which have both positive and negative dimensions. India is determined to recover its status as a leading Asian nation and project itself as a major power on the international scene. Its desire to become a permanent member of the UN Security Council and application to become a member of the Nuclear Suppliers Group have crystalized the country's global ambitions, which have been constantly frustrated by China's opposition. India's membership in the Nuclear Suppliers Group in particular is being held hostage by the Sino-U.S. rivalry.

In the past, however, China was less successful in blocking India on the regional scene. India's courting of regional organizations was always



focused on preventing the region from falling under the influence of any one major power. The Association of Southeast Asian Nations (ASEAN) has been India's institution of choice for its Look East and Act East policies since the early 1990s because ASEAN's consensus-based decision-making process has discouraged hegemonic aspirations.

The U.S.-China rivalry does weaken some of the pillars of India's foreign policy and complicates its relationships with both countries. ASEAN's autonomy is eroding due to a deep and effective penetration of both ASEAN institutions and their member states by China, which has invested substantial financial and human resources in the institution. The volume of China-ASEAN trade, which amounted to \$514.8 billion in 2017; the importance of China's direct investment in member states; and the density of the formal exchanges between Beijing and ASEAN have further undermined the organization's already relative autonomy.<sup>9</sup> The situation has so far been met with benign neglect by the United States, as both Washington (especially under the Trump administration) and Beijing are more comfortable with bilateral approaches.

*Limit China's influence in India's neighborhood.* Indian policymakers are also trying to limit China's influence in India's neighborhood, where Beijing is increasingly willing to play the role of an external balancer against New Delhi. Relations between India and its smaller neighbors have always been difficult. It is therefore easy for China to play on the resentment of the smaller South Asian states who fear the shadow of their Indian big brother.

Pakistan has long been China's major client state in South Asia. Based on a shared enmity toward India, China's backing has gone as far as providing Pakistan with the design and material necessary to build a nuclear bomb.<sup>10</sup> But Pakistan is no longer the only state on India's periphery receiving attention from China. Smaller countries in South Asia and the Indian Ocean are increasingly hedging between India and China. Almost every neighboring country, including Bangladesh, Maldives, Nepal, and Sri Lanka, has leveraged its enhanced relations with China to diminish India's influence. This trend has created a sense of unease in New Delhi.

China, for example, is now Bangladesh's largest bilateral trade partner. It has also strengthened Bangladesh's military capabilities and is the country's main provider of military hardware, including delivering two Ming-class submarines in 2014 and helping build a missile launch pad near Chittagong

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<sup>9</sup> Sophie Boisseau du Rocher, "La Chine et les Institutions de l'ASEAN" [China and ASEAN Institutions], Institut Français des Relations Internationales (IFRI), March 2018, 10.

<sup>10</sup> Andrew Small, *The China-Pakistan Axis: Asia's New Geopolitics* (New York: Oxford University Press, 2015), 1.

in 2008.<sup>11</sup> Beijing has also broken India's monopoly in Nepal through a trade and transit protocol signed in 2008.<sup>12</sup> Although India is still by far Nepal's most significant trade partner, China is rapidly increasing its market share. In 2018, Nepal announced that it would conduct a joint military exercise with China just days after backing out of a joint military exercise organized by the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, a move viewed by most observers as anti-India.<sup>13</sup> In Sri Lanka and Maldives, where China has invested massively and created long-term dependence, Beijing and New Delhi have been competing for political influence through their respective proxies.<sup>14</sup>

In this context, the Belt and Road Initiative (BRI) has raised alarm in the Indian capital. Many of the projects that today constitute BRI were launched as bilateral initiatives before it was announced in 2013 (under the name One Belt, One Road). Their inclusion contributes nevertheless to shaping India's perception of BRI as a Chinese grand strategy. India is indeed concerned about the strategic implications of some specific projects.<sup>15</sup> Four projects, detailed below, stand out in this regard.

The China-Pakistan Economic Corridor (CPEC), which intends to link Kashgar in China's Xinjiang Uighur Autonomous Region and the port of Gwadar in Pakistan's Baluchistan Province through a network of railways, highways, pipelines, ports, and information technology parks along the route is one such example. The project has been criticized primarily on the grounds that it crosses disputed territories in Gilgit-Baltistan, but Indian concerns go beyond this legal dispute. Despite real tensions between China and Pakistan over many related issues, CPEC epitomizes the deepening relationship between the two countries. (See the Appendix for a brief analysis of Pakistan and the U.S.-China rivalry.) Moreover, it provides China with an outlet to the Arabian Sea and the Indian Ocean and as such creates an additional security dilemma for India. Other examples are the trans-Himalayan economic corridor, a railway cutting through the

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<sup>11</sup> Asma Masood, "India-Bangladesh-China Relations: A Complex Triangle," Chennai Centre for China, March 2, 2015, <https://www.c3sindia.org/archives/india-bangladesh-china-relations-a-complex-triangle-by-asma-masood>.

<sup>12</sup> Nicola P. Contessi, "China Opens Border Connections to Nepal," YaleGlobal Online, January 31, 2019, <https://yaleglobal.yale.edu/content/china-opens-border-connections-nepal>.

<sup>13</sup> "Nepal to Join Military Drill with China after Snubbing India; Move Likely Aimed at Ending Indian Monopoly," Firstpost, September 11, 2018, <https://www.firstpost.com/india/nepal-to-join-military-drill-with-china-after-snubbing-india-move-likely-aimed-at-ending-indian-monopoly-5159431.html>.

<sup>14</sup> Vivek Mishra, "China Is Moving into the Indian Ocean," *National Interest*, April 14, 2018, <https://nationalinterest.org/print/feature/china-moving-the-indian-ocean-25380>.

<sup>15</sup> Darshana M. Baruah, "India's Answer to the Belt and Road: A Road Map for South Asia," Carnegie India, Working Paper, August 2018, [https://carnegieendowment.org/files/WP\\_Darshana\\_Baruah\\_Belt\\_Road\\_FINAL.pdf](https://carnegieendowment.org/files/WP_Darshana_Baruah_Belt_Road_FINAL.pdf).

Himalayas and linking China's Gansu Province to Kathmandu in Nepal, and the Bangladesh-China-India-Myanmar economic corridor. The latter proposal predates the Xi Jinping era and aims to connect the Chinese city of Kunming to the Indian city of Calcutta through Dhaka in Bangladesh and Mandalay in Myanmar with transportation infrastructure.<sup>16</sup>

Indian decision-makers are also deeply worried that China may establish a presence in the Indian Ocean from which it can challenge India's position in the region. Not only have Chinese submarines docked in Pakistan and Sri Lanka, but China also opened its first overseas base in Djibouti in 2017. This dimension is progressively commanding India's attention as China develops its influence all over the Indian Ocean region, in particular on the East African coast, using BRI north-south corridors such as CPEC and the Bangladesh-China-India-Myanmar corridor.

India's anxieties about its periphery ultimately reflect a deep awareness of its own financial, technological, and administrative limitations, which prevent the country from either addressing its neighbors' concerns or imposing its will. But the neighborhood is not viewed by New Delhi solely through the lens of the China question. The United States' partnership with Pakistan has weakened since the Trump administration has toughened its position vis-à-vis Islamabad as a result of Pakistan's policies in Afghanistan and use of terrorist groups as a tool of foreign policy. Any advantage to India, however, has been dampened by the U.S. decision to withdraw from Afghanistan, which raises the prospect of Kabul, sooner or later, falling under Pakistani control. Moreover, India fears that Washington's toughness may be only temporary as the United States needed Pakistan's help to facilitate the conclusion of an agreement with the Taliban. With Trump's decision to de facto stop the dialogue, this fear disappeared, but the possible collapse of Afghanistan did not.

*Limit the potential for conflict.* For the Indian foreign policy elite, painful memories of 1962 and the still unsettled border disputes with China in Aksai Chin and Himachal Pradesh make the possibility of conflict quite real. No fewer than five agreements on border management have been signed since 1993, the last one in 2013 during Prime Minister Manmohan Singh's final official visit to China. Yet violations of the demarcation line between the two countries in Himachal Pradesh have been recurrent since 1962. They remain manageable and not a single bullet has been shot since 1975. But the number of incidents that could have led to a confrontation, such as in the Depsang Plains in 2016 and Doklam in 2017, has increased since the beginning of the rapprochement between India and the United States.

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<sup>16</sup> See Baruah, "India's Answer to the Belt and Road," 17–25.

China is indeed perceived as a direct military threat to India. With 1.15 million troops, it still has fewer ground forces than India, which has 1.20 million troops. The terrain in the contested areas, however, favors China, as does the superior transportation infrastructure in Tibet.<sup>17</sup> In addition, China has an advantage in conventional and strategic missile capabilities, which have forced India into a defensive position. Similarly, in the Indian Ocean, China's willingness to project power through increasing its naval presence and building a base in Djibouti is creating a security dilemma for India, heightening its sense of insecurity and leading to an arms race. In this context, the ongoing reorganization of the People's Liberation Army (PLA) and its modernization through the accelerated development of access-denial capabilities (including in cyberspace and outer space), the enhancement of power-projection capabilities, and the spectacular development of the PLA Navy are of particular concern to India, which lacks the financial and organizational capabilities to respond at the required pace.<sup>18</sup>

*Preserve India's strategic autonomy.* The growing polarization of the strategic situation in Asia tends to turn every relationship with China or the United States into a zero-sum game, a choice between us and them. India has always tried to avoid situations that threaten its cherished strategic autonomy. This essentially means that it has refused to join formal alliances and accept the obligation of intervention, including armed intervention, that they may imply. This specific dimension remains. Indian decision-makers welcome U.S. support but have no intentions of fighting U.S. wars and are trying not to be dragged into the current tensions between China and the United States. Multiplying partnerships with Asian and European middle powers, a policy of relative appeasement vis-à-vis China, and the use of multilateral institutions such as ASEAN where India could not be coerced into specific positions have so far been its favorite instruments to maintain Indian autonomy. However, as the power gap with China increases, and with it India's fear of Chinese hegemony in Asia, Indian decision-makers have needed to rely increasingly on the United States in order to acquire sufficient capabilities to manage this asymmetry. India's situation is further complicated by the United States' growing transactionalism. India will have to deliver—in whatever the field in question may be—if it wants the dynamic of the rapprochement with the United States to continue unabated. This could have positive consequences

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<sup>17</sup> Rajesh Rajagopalan, "India's Strategic Choices: China and the Balance of Power in Asia," Carnegie India, September 2017, <https://carnegieindia.org/2017/09/14/india-s-strategic-choices-china-and-balance-of-power-in-asia-pub-73108>.

<sup>18</sup> See Vinod Anand, "Trends in Chinese Military Modernization: Implications and Responses," Vivekananda International Foundation, Occasional Paper, February 2016.

for India in the longer term but may come at a social and potentially political cost in the short term.

*De-ideologize nonalignment.* Until the end of the Cold War, nonalignment was an untouchable principle of India's foreign policy. It lost most of its significance with the collapse of the Soviet Union but seems to be re-emerging as a consequence of the current polarization of U.S.-China relations. Sino-U.S. competition has indeed strengthened the arguments of both those advocating a closer relationship with the United States and the proponents of a renewed nonalignment strategy. In its manifesto for the 2019 Lok Sabha (lower house) elections, the Congress party stated, for example, "its firm belief in the continued relevance of the policy of friendship, peaceful coexistence, non-alignment, independence of thought and action, and increased bilateral engagement in its relations with other countries of the world."<sup>19</sup>

The idea that India does not need the United States is another frequent theme in the domestic political debate. This position reflects more hubris than ideology, but it is strengthened by the fact that India is courted by many actors in the international system. The argument has been echoed in defense-related research organizations with often dubious results. Nonetheless, the debate about nonalignment is mostly rhetorical. With the exception of the Communist Party of India, which is traditionally soft on China, ambiguity is the rule when it comes to election manifestos. While no party advocates complete alignment, the relationship with the United States is instrumental even in the version of nonalignment to which the Congress party seems to be referring.

Moreover, the concept of nonalignment itself has evolved. Nonalignment is now conceived of as encompassing "a deep and wide engagement with as many powers as are willing to engage with" India.<sup>20</sup> Under this policy, India could manage the rivalry between great powers thanks to its economic attractiveness, engaging with China economically while leaning on the United States for security. This form of nonalignment says little about the actual proximity between India and its potential partners and leaves a large margin of maneuver for the ruling government. The policy is mainly a warning about the consequences of alliances. From this perspective, it is indeed significant that Narendra Modi's government, although determined to make the best of its proximity to the United States, is as wary of being dragged into U.S. wars as nonalignment proponents would recommend

<sup>19</sup> Indian National Congress, "Congress Will Deliver," 2019, <https://manifesto.inc.in/pdf/english.pdf>.

<sup>20</sup> Sunil Khilnani et al., *Nonalignment 2.0: A Foreign and Strategic Policy for India in the Twenty First Century* (New Delhi: Centre for Policy Research, 2012), <https://www.cprindia.org/research/reports/nonalignment-20-foreign-and-strategic-policy-india-twenty-first-century>.

it be.<sup>21</sup> Nonalignment in today's India is a political marker that has lost a substantial part of its ideological content and survives at best as a *quid pro quo* for the country's consensus on the need to preserve India from falling into the trap of Sino-U.S. polarization.

### *India's Economic Interests*

Improving the economy has always been a major concern of India's foreign policy. India is highly dependent on trade with both China and the United States. Bilateral trade with China reached \$87 billion in 2017–18, whereas trade with the United States was \$88 billion during that period. However, comparable global figures hide vast qualitative differences. India's export deficit with China has grown exponentially over the past few years and now stands at just under \$54 billion, whereas the country still has a large export surplus with the United States (around \$18 trillion), which is also a valuable technology provider.<sup>22</sup> Thus, India can only benefit from the ongoing trade war between Beijing and Washington should it result in a greater opening up of the Chinese market—an outcome that remains uncertain. Indian firms find it difficult to enter China, but the Indian government only has a limited margin of maneuver. As Indian manufacturing depends on cheap Chinese imports of electronic and information technology products, any retaliatory move by India to restrict imports of Chinese goods would be counterproductive.<sup>23</sup> A report from the UN Conference on Trade and Development projected that Indian exports should grow by 3.9% as a consequence of U.S. and Chinese tariffs on each other's products.<sup>24</sup>

India may have reasons for concern with respect to its trade relationship with the United States. The opening up of the U.S. market to Indian goods, transfers of U.S. technology to India, and nuclear and military cooperation were based on the assumption that India had the potential to become a balancer to China and a profitable market for U.S. companies. Yet the Indian economy is still perceived in the United States as too closed. Repeated threats by Trump related to India's high tariffs have been made credible by the recent revocation of its preferential trade treatment under the Generalized System of Preferences (GSP) program.<sup>25</sup> The question for India is whether this action

<sup>21</sup> Rajagopalan, "India's Strategic Choices," 11.

<sup>22</sup> Ministry of Commerce and Industry (India), Export Import Data Bank, <https://commerce-app.gov.in/eidb/default.asp>.

<sup>23</sup> Kashyap Arora and Rimjhim Saxena, "India-China Economic Relations: An Assessment," *South Asian Voices*, April 21, 2018, <https://southasianvoices.org/india-china-economic-relations-an-assessment>.

<sup>24</sup> "Trade Wars: The Pain and the Gain," UN Conference on Trade and Development, February 4, 2019.

<sup>25</sup> "U.S. Ends Special Trade Treatment for India amid Tariff Dispute," BBC, June 1, 2019, <https://www.bbc.com/news/world-asia-india-48482988>.

is only a temporary phase linked to the current administration and can be expected to be reversed over time or whether it reflects a deeper trend that portends a more turbulent economic relationship. Even as pro-Indian sentiments still prevail in the United States due to the China factor, there is a sense in certain U.S. quarters that India has been given advantages that it never really reciprocated. In 2008 the Bush administration had justified its decision to sign the civil nuclear agreement on the basis that civil nuclear trade with India would create jobs in the United States. These jobs are still awaiting realization.

When examined from the perspective of business elites, the outlook for these same issues varies greatly depending on both the sector considered and China's dependence on specific products or materials. Indian producers of diamonds, cotton yarn, iron ore, copper, and organic chemicals, all of which are among India's top exports to China, are not surprisingly great supporters of deeper economic relations.<sup>26</sup> On the contrary, producers of electrical machinery or fertilizers, sectors that suffer from Chinese competition, are more protectionist or call for greater market access in China. Even in sectors where India has a comparative advantage, such as IT, pharmaceuticals, or agriproducts, Indian companies find it difficult to enter Chinese markets. Like the Indian government, business elites in these sectors believe that Beijing's protectionist policies have hindered the ability of Indian companies to compete with their Chinese counterparts on a level playing field. U.S. efforts to force China to grant access to its market are therefore seen positively. Yet companies involved in the production of goods such as medical devices, dairy products, and agricultural goods—all of which are affected by Trump's decision to remove India from the list of GSP beneficiary countries—fear that the United States may also turn against India at a later stage to pressure it to open its own domestic market.

Other issues confront India with a separate dilemma. The development of 5G networks has created a divide between domestic vendors and the government, and within the latter, between the institutions in charge of security and the economy. In early July a high-level committee on 5G recommended that "India should go for trial immediately with all except for Chinese vendors."<sup>27</sup> This finding was based on the fear that equipment sold by Huawei might include a backdoor that could allow the Chinese government to access data from 5G networks. The Indian government now finds itself under

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<sup>26</sup> Ministry of External Affairs (India), "India-China Bilateral Relations," October 2017, [https://mea.gov.in/Portal/ForeignRelation/China\\_October\\_2017.pdf](https://mea.gov.in/Portal/ForeignRelation/China_October_2017.pdf).

<sup>27</sup> "5G Panel Wants India to Start 5G Mobile Network Trials without Chinese Vendors, Including Huawei," News18, July 2, 2019, <https://www.news18.com/news/tech/5g-panel-wants-india-to-start-5g-trials-without-chinese-vendors-including-huawei-2212963.html>.

pressure in one direction from the United States to end cooperation with Huawei on 5G and in the opposite direction from Indian telecommunications providers that use Huawei equipment.<sup>28</sup>

It remains to be seen whether the Bharatiya Janata Party's large political victory in the May 2019 national election will translate into decisive reforms of the Indian economy or whether India will keep responding cautiously and in an ad hoc manner to U.S. pressures, careful as always not to alienate the most fragile segments of society. Modi's governance has so far been characterized by a reformist agenda, though one more focused on issues relevant to the daily lives of Indian citizens. But the question of his willingness to open the Indian economy in a significant way is still unanswered.

### *Military Interests*

India's military interests reflect its major policy concerns, particularly its perception of China and Pakistan. Pakistan both is a problem in itself and heightens India's concerns about encirclement by China. But despite a long history of hostility with Pakistan, China is the main reason for India's rapprochement with United States.

Indeed, from a military perspective, growing Sino-U.S. competition has brought benefits to India. China's rise has been a key driver of U.S.-India defense relations, which have improved significantly since the early 2000s. In 2002 the two sides signed the General Security of Military Information Agreement, followed in 2005 by the New Framework for the India-U.S. Defense Relationship and in 2012 by the Defense Technology and Trade Initiative. The increasingly competitive nature of the Sino-U.S. relationship has accelerated defense and security ties between the United States and India. As underlined by Indian analyst Vivek Mishra, the U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region, announced in January 2015 during Barack Obama's last official visit to India, as well as the rebranding of the Look East policy as the Act East policy as a way of signaling New Delhi's intent to demonstrate greater voluntarism in Asia, "made the fault lines of what some refer to as the Asian Great Game...more perceptible than ever."<sup>29</sup> Later in 2015, the two countries also renewed the Framework for the U.S.-India Defense Relationship.

<sup>28</sup> Amy Kazmin and Stephanie Findlay, "Washington Warns India over Using Huawei for 5G," *Financial Times*, October 4, 2019, <https://www.ft.com/content/4181ee4e-e5de-11e9-9743-db5a370481bc>.

<sup>29</sup> "U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region," White House, Office of the Press Secretary, January 25, 2015, <https://obamawhitehouse.archives.gov/the-press-office/2015/01/25/us-india-joint-strategic-vision-asia-pacific-and-indian-ocean-region>; and Vivek Mishra, "India-U.S. Defence Cooperation: Assessing Strategic Imperatives," *Strategic Analysis* 42, no. 1 (2018): 1–14.



The joint strategic vision was followed in 2016 by the signing of the Logistics Exchange Memorandum of Agreement, which marked a new phase in India-U.S. cooperation in the Indian Ocean as both countries opened their naval facilities in the area to each other. The two countries took another qualitative step in strategic and defense cooperation in 2018 with the signing of the Communications Compatibility and Security Agreement and the launching of a regular 2+2 dialogue. At the operational level, their armed forces are actively working on interoperability through a series of bilateral exercises—Cope India (air force), Yudh Abhyas (army), and Vajra Prahar (special forces)—as well as multilateral exercises—Malabar, Red Flag, and the Rim of the Pacific (RIMPAC).<sup>30</sup> Moreover, India has been able to purchase nearly \$18 billion of arms from the United States since 2008. Items include C-17 and C-130J transport planes, P-8I maritime reconnaissance aircraft, Harpoon missiles, AH-64E and CH-47F helicopters, and M777 howitzers.<sup>31</sup>

Paradoxically, this spectacular increase in defense cooperation also has collateral benefits for India's military relations with China. India and China have entertained a strategic dialogue since 2008 as well as specific security mechanisms, such as the meeting of special representatives on the boundary question and the high-level dialogue mechanism on counterterrorism and security. Since 2013, they also have held regular joint military exercises in Chengdu in Sichuan Province. Although these exercises remain limited in scope and amount mostly to confidence building, they are nevertheless significant in a context of recurrent border tensions between the two countries. These exercises do not eliminate the source of friction, particularly in the Indian Ocean where the rivalry is growing, but they could help prevent differences from escalating into a conflict.<sup>32</sup>

The more important question, however, is whether the pace of U.S.-India cooperation matches the speed of China's own military expansion. The gap has widened between India's commitments and capabilities. The 2019 budget had the lowest defense allocation since 1962, despite the country being in a "readiness crisis caused by shortfall," according one U.S. defense analyst.<sup>33</sup> Still, as a result of heavy bureaucratic procedures and slower economic growth,

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<sup>30</sup> Sujan R. Chinoy, "Indo-U.S. Defence Partnership: Future Prospects," Institute for Defence Studies and Analyses (IDSA), IDSA Comment, June 26, 2019, <https://idsa.in/idsacomments/indo-us-defence-partnership-srchinoy-260620>.

<sup>31</sup> Ibid.

<sup>32</sup> Kristin Huang, "Rivals and Neighbours: China and India Count Down to Joint Military Drill," *South China Morning Post*, December 10, 2018, <https://www.scmp.com/news/china/diplomacy/article/2177319/rivals-and-neighbours-china-and-india-count-down-joint-military>.

<sup>33</sup> Benjamin E. Schwartz, "From Inertia to Integration: Getting Serious about U.S.-India Defense Cooperation," *American Interest*, January 24, 2019, <https://www.the-american-interest.com/2019/06/24/from-inertia-to-integration-getting-serious-about-u-s-india-defense-cooperation>.

the situation is unlikely to improve soon. This only reinforces New Delhi's dilemma. Indian decision-makers from all sides of the political spectrum know that they need the United States. But India also cannot afford U.S. policies that are likely to destabilize the fragile regional equilibrium that it is constantly trying to restore and reinvent.

## India's Response to the Evolving U.S.-China Competition

India's response to the evolving U.S.-China competition differs depending on the issue but is somewhat inconsistent. Even though the Sino-Indian rivalry remains manageable, India's challenges vis-à-vis China are becoming more and more intractable with each passing year. The military gap in particular is expected to continue to widen, which will increase the need for U.S. technology and support. But India also desires to avoid antagonizing China unnecessarily, which will require maintaining the right distance with the United States. In effect, India can exploit the Sino-U.S. rivalry to its own benefit only if it can avoid the two extreme poles of Sino-U.S. confrontation or a group of two relationship that would make India irrelevant.

### *Carefully Managing the Relationship with the United States*

The history of the U.S.-India relationship since the end of the Cold War is a history of constant, sometimes spectacular, often complex, but always cautious rapprochement between the two countries. Successive Indian prime ministers since the late 1990s have all contributed, in various degrees, to the development of a closer partnership with Washington. All of them understood Washington's "centrality in New Delhi's external balancing of Beijing."<sup>34</sup> None of them, however, even toyed with the idea of a complete alignment with the United States for reasons that have to do with the perceived unreliability of the United States as well as domestic insecurities.

Similar considerations inform Modi's foreign policy and are unlikely to change in the foreseeable future. Following the 1998 Indian nuclear tests, Prime Minister Vajpayee initiated the dialogue which led to Clinton's visit to India in March 2000, followed by Vajpayee's reciprocal visit to Washington six months later. His successor, Singh, is credited with the most significant achievement to date in the U.S.-India relationship—the signing of the civil nuclear agreement in 2008, which opened the possibility of full civil nuclear cooperation between the two countries. Since his election in 2014, Modi has

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<sup>34</sup> Ashley J. Tellis, "Troubles Aplenty: Foreign Policy Challenges for the Next Indian Government," Carnegie Endowment for International Peace, May 20, 2019, <https://carnegieendowment.org/2019/05/20/troubles-aplenty-foreign-policy-challenges-for-next-indian-government-pub-79161>.

navigated the challenges of two different U.S. administrations. The Obama and Trump administrations are radically different in their outlooks but are both trying to rethink the United States' role in the world, although neither administration has questioned the U.S. partnership with India.

China's growing superiority justifies India's need for a closer strategic relationship with the United States in order to receive desired military and technological support. India-U.S. cooperation has so far brought substantial benefits to India, in particular with regard to access to advanced technology. However, the country is now facing a different United States, even though the fundamentals of the relationship have so far not been affected.

Defense and political cooperation remain strong. Speaking at the 2+2 ministerial meeting with the United States on September 6, 2018, Indian defense minister Nirmala Sitharaman declared that defense cooperation was "the most significant dimension of [the] strategic partnership and a key driver of [the] overall bilateral relationship."<sup>35</sup> Logistics support agreements, unthinkable a decade ago, have now been signed. Moreover, New Delhi appreciates U.S. pressure on Pakistan and feels comfortable with the trade war between China and the United States, given that India is among the countries most likely to benefit from it. More generally, New Delhi is comfortable with any U.S. pressure on China that is likely to increase Beijing's vulnerability and make it more amenable to dialogue.

But the idea that the two sides' contributions to the relationship can remain asymmetrical because a strong India is in the United States' interests has been considerably weakened. The relationship has become significantly more transactional under the Trump administration, which in exchange for its support is demanding a price that may occasionally prove economically and politically costly for India. The question that India is now facing in its relationship with the United States is how to keep benefitting from U.S. support while avoiding U.S. arm twisting when the two countries' interests differ.

The Indian debate on the United States' Countering America's Adversaries Through Sanctions Act (CAATSA), enacted in August 2017, illustrates this point. Section 231 allows the United States to impose sanctions on entities engaging in business transactions with the Russian defense sector. As the largest buyer of Russian weapons, India is particularly vulnerable. The problem became acute when the United States imposed CAATSA sanctions on the Equipment Development Department of China's Central Military

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<sup>35</sup> Jim Garamone, "U.S.-India Defense Cooperation a 'Key Driver' of Overall Relationship," U.S. Department of Defense, September 6, 2018, <https://dod.defense.gov/News/Article/Article/1622396/us-india-defense-cooperation-a-key-driver-of-overall-relationship>.

Commission and on its director in September 2018.<sup>36</sup> The move should have pleased New Delhi, given that ties between Russia and China are of particular concern. But when India formally signed a \$5.2 billion deal with Russia for the acquisition of the S-400 missile defense system in October 2018, Trump made his displeasure clear by stating that India would soon find out whether the United States would impose punitive sanctions.<sup>37</sup> Similarly, the Trump administration's decision not to extend waivers for Iran sanctions to countries that needed to find alternative suppliers of crude oil did not go down very well with Indian decision-makers.

India has so far responded quite deftly to the new situation with a mix of compliance, diplomatic know-how, and firmness. It did comply, for example, with the U.S. injunction on oil and gas imports from Iran.<sup>38</sup> India also could obtain a waiver from the United States for its defense relations with Russia thanks to its diplomatic efforts, and the country should not be too affected by Trump's decision to withdraw it from the list of GSP beneficiaries.<sup>39</sup> India's relative confidence seems to be grounded in the belief in its own indispensability in the Indian Ocean. Accordingly, New Delhi has framed its priorities in U.S. terms. Although the recent decision to create an Indo-Pacific wing in the Ministry of External Affairs does address the need for better coordination in the area, and most of its activities are centered on the Indian Ocean, the decision is unmistakably an official endorsement of the U.S. Indo-Pacific vision.

As the prospect of a return to the *status quo ante* if a new U.S. administration is elected in 2020 is uncertain at best, India is likely to remain cautious. Cooperation with the United States will continue to go as far as possible in all fields that are likely to guarantee Indian security, but India will also resist the United States where its own interests dictate. Strategic autonomy will remain a driver of India's foreign policy.

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<sup>36</sup> G. Balachandran, "CAATSA Sanctions on India," IDSA, IDSA Comment, September 26, 2018, <https://idsa.in/idsacomments/caatsa-sanctions-and-india-gbalachandran-260918>.

<sup>37</sup> Rakesh Krishnan, "Countering CAATSA: How India Can Avoid American Arm Twisting," *Business Today*, March 6, 2019, <https://www.businesstoday.in/opinion/columns/caatsa-how-india-can-avoid-us-arm-twisting/story/286653.html>.

<sup>38</sup> "India Will Stop Importing Crude Oil from Iran after U.S. Ends Sanction Waiver: Official," *Livemint*, April 23, 2019, <https://www.livemint.com/industry/energy/india-will-stop-importing-crude-oil-from-iran-after-us-ends-sanction-waiver-1556008925244.html>.

<sup>39</sup> "S-400: India Meets U.S. Waiver Criteria, Can't Wish Away Russia Ties, Say Sources," *Livemint*, June 25, 2017, <https://www.livemint.com/news/india/s-400-india-meets-us-waiver-criteria-can-t-wish-away-russia-ties-say-sources-1561480410207.html>; and "U.S. President Trump to End Preferential Trade Status for India under GSP on June 5," Press Trust of India, June 1, 2019, <https://yourstory.com/2019/06/trump-terminate-trade-status-india-gsp>.

### *Maintaining Cooperation with China*

The closer the desired rapprochement with the United States, the more necessary it is for India to remain insulated as much as possible from the confrontation between the two superpowers. Geographic contiguity, asymmetrical power, uncertainty regarding the U.S. commitment to Indian security, and caution, combined with a strong desire to remain independent, dictate that India conducts its China policy on its own terms. Maintaining dialogue with China and managing the relationship bilaterally in order to avoid being ensnared by the zero-sum relationship that is currently developing between the United States and China is therefore a necessity for India. Any direct U.S. support would inevitably be interpreted by Beijing as a sign of open hostility.

China is indeed the main strategic challenge confronting India for the foreseeable future. Moreover, the asymmetry of power between the two countries is only likely to grow.<sup>40</sup> New Delhi can therefore ill afford to make an enemy out of a more powerful China. It does maintain annual political and security dialogues with Beijing, despite the fact that other significant issues such as the border dispute and the long-standing Pakistan-China partnership remain unresolved. India has also progressively become more economically enmeshed with China.

Although India does stand up to Chinese pressure on occasion, it attempts to avoid tension as much as possible, and whenever friction occurs, works to mitigate the situation diplomatically and peacefully. Two border incidents, both of which took place after Modi's ascent to power, illustrate this point. On September 10, 2014, during Xi Jinping's visit to India, an Indian patrol discovered that Chinese troops had deployed heavy machinery to build a road inside Indian territory. Indian forces moved immediately and were stationed opposite Chinese forces. The standoff lasted until September 26, several days after the Indian and Chinese leaders had officially resolved the matter. A year later, Indian Armed Forces and the PLA faced one another again over the construction of a road in Doklam near the border area between China, India, and Bhutan. The standoff, which started on June 16, 2017, lasted roughly 70 days.<sup>41</sup> It is worth noting that Washington offered New Delhi support in the crisis. Yet, as noted by Ashley Tellis, after the Doklam crisis

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<sup>40</sup> Addressing the Lok Sabha Committee on External Affairs in February 2018, Foreign Secretary S. Jaishankar declared that "after China's modernization, its economy today is five times the size of the Indian economy, with its consequent capabilities, economic, military and political." "Sino-India Relations Including Doklam, Border Situation and Cooperation in International Organizations," Committee on External Affairs, Sixteenth Lok Sabha, September 2018.

<sup>41</sup> Prabhaskar K. Dutta, "How India, China Compromise: A Look at How Standoffs before Doklam Were Resolved," *India Today*, August 31, 2017, <https://www.indiatoday.in/india/story/doklam-standoff-india-china-compromise-demchok-chumar-daulta-beg-oldi-1034861-2017-08-31>.

“Modi became more cautious about visibly tilting toward the United States and publicly confronting China.”<sup>42</sup> The informal summit in Wuhan was, for different reasons, an attempt by both India and China to keep the United States out of their disputes. Taking place a few months after the standoff, the summit was meant to mitigate tension between the two countries at a time when China had already entered a trade war with the United States and was trying to prevent the emergence of a common U.S.-India front. Protocol and appearances mattered more than substance, and no joint communiqué was released at the end of the summit. The summit did, however, provide a pretense for a new phase in the Sino-Indian relationship and was for that reason qualified as a “reset.”

Significantly, India has since adopted a more conciliatory and cautious approach regarding Tibet and maintains official distance from the Tibetan government in exile.<sup>43</sup> Similarly, the Indian government has toned down its opposition to BRI.<sup>44</sup> At the Wuhan summit, Xi and Modi also reaffirmed the necessity for India and China to strengthen their economic cooperation. India is also willing to continue developing alternative economic partnerships, such as the Regional Comprehensive Economic Partnership (RCEP) with China, in order to avoid being marginalized in its relationship with the United States.

Even if the goodwill demonstrated by Xi and Modi in Wuhan still needs to be translated into action, the summit undoubtedly helped ease some tensions between the two sides. China and India resumed border negotiations, a joint military exercise called Hand-in-Hand 2018, and a maritime dialogue that was originally scheduled for 2017. They also created the China-India High Level Mechanism on Cultural and People-to-People Exchanges.<sup>45</sup> But more than ever, they compartmentalized negotiations so as to prevent difficulties on one issue from blocking progress on another. India’s boycott of BRI, for example, does not affect its trade ties with China.<sup>46</sup>

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<sup>42</sup> Tellis, “Troubles Aplenty.”

<sup>43</sup> Aakriti Bachhawat, “India Should Play the Tibet Card with China,” Australian Strategic Policy Institute, Strategist, April 2, 2019, <https://www.aspistrategist.org.au/india-should-play-the-tibet-card-with-china>.

<sup>44</sup> Atman Trivedi, “One Year On, Should India Rethink Its Reset with China?” War on the Rocks, April 17, 2019, <https://warontherocks.com/2019/04/one-year-on-should-india-rethink-its-reset-with-china>.

<sup>45</sup> Siwei Liu, “What Will the China-India Relationship Look Like in 2019?” *Eurasia Review*, February 10, 2019, <https://www.eurasiareview.com/10022019-what-will-the-china-india-relationship-look-like-in-2019-analysis>.

<sup>46</sup> “India’s Boycott of BRI Not to Affect Trade Ties with China: Indian Envoy,” *Economic Times*, May 3, 2019, <https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-boycott-of-bri-not-to-affect-trade-ties-with-china-indian-envoy/articleshow/69162769.cms>.

In effect, the summit helped create a favorable narrative for the leaders of both countries.<sup>47</sup>

However, the Indian government is aware of the limits of such engagement. The Wuhan summit was a tactical move for both countries. Thanks to its economic might, China keeps developing its influence and exerts pressure on India's immediate neighborhood, from Bhutan and Nepal to Sri Lanka and Maldives. U.S. administrations come and go, and with them come various degrees of reassurance to India, but China is and will remain a structural problem. New Delhi sees no option but to continue treading carefully in its diplomacy with Beijing.

### *Partnering with Middle Powers*

As relations with China become more complicated and relations with the United States become more difficult, India has built up a web of relationships with middle powers. These relationships vary according to a set of factors including relations with Beijing as well as the availability of military, financial, and economic development capabilities. None of these partnerships are decisive for India, but all of them contribute to mitigating and balancing the China threat, as well as mitigating India's dependence—actual and potential—on any single partner. The articulation of these relationships defines the nature of the cooperation between India and its partners.

France and Japan, for example, share perceptions of China that are compatible with India's, are capable of providing the country with advanced technology, and are willing to help it redefine relations with China in the Indo-Pacific. Historically an arms supplier and provider of advanced military technology to India, France became one of India's major defense partners in the early 1980s. However, it was only in the late 1990s that New Delhi's perception of France's role in the region changed significantly. Cooperation between the two sides improved dramatically after the 1998 nuclear tests, with France being one of the only two countries that did not condemn India. Their strategic and political interactions intensified in the following years. Increasingly concerned about the Chinese presence in the Indian Ocean, the Indian security establishment gradually woke up to the complementarity of French and Indian interests and approaches, as well as to the potential of maritime security cooperation with France, which has been traditionally

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<sup>47</sup> "Sino-India Cooperation on a Fast Track after Wuhan Summit: China," *Economic Times*, January 4, 2019, <https://economictimes.indiatimes.com/news/defence/sino-india-cooperation-on-a-fast-track-after-wuhan-summit-china/articleshow/67383713.cms>.

present and active in the Indian Ocean.<sup>48</sup> As the two countries deepened their relationship, they also developed highly comparable—both geographically and conceptually—approaches to the Indo-Pacific.

Since the beginning of the second prime ministerial term of Shinzo Abe, Japan—with which India's relations had taken a turn for the better at the beginning of the century—has been India's partner of choice in Asia. The relationship is multidimensional and includes a strong economic component. Yet security concerns about China are increasingly central. Military and industrial defense cooperation are important components of the relationship. These concerns, however, find their expression mostly in cooperation in third countries where India and Japan try jointly to dispute China's monopoly in infrastructure building through BRI. The Asia-Africa Growth Corridor, which aims at developing connectivity between Asia and Africa, is one such project.<sup>49</sup>

Yet India's building up of partnerships with like-minded middle powers remains cautious. Similar threat perceptions do not mechanically generate strong strategic cooperation. The economic importance of Australia for India is growing, but despite their very real convergence of strategic interests, India remains skeptical about partnering on security issues. Although it does acknowledge the tensions in the Australia-China relationship, India considers Australia to be too structurally dependent on the Chinese economy and insufficiently involved in the Indian Ocean to be a reliable and useful partner. The two countries find it difficult to define a meaningful strategic complementarity. India remains centered on the Indian Ocean, whereas Australia, though active in the northeast of the Indian Ocean, looks primarily toward the Pacific. This difference, in turn, determines the nature of their cooperation. It provides a strong incentive for intelligence sharing but partly inhibits operational cooperation.

India also maintains a relationship with Russia, based on past dependence and the need to neutralize potential nuisance capabilities. Russia remains an essential spare-parts provider for the Indian Air Force, whose fighter aircraft fleet is still around 65% of Russian origin. However, this once privileged partnership between India and Russia has changed. Moscow is no longer New Delhi's best protection against Beijing. Although still characterized by mutual suspicion, the relationship between Russia and China has become gradually closer since the beginning of the

<sup>48</sup> C. Raja Mohan and Darshana M. Baruah, "Deepening the India-France Maritime Partnership," Carnegie India, February 23, 2018, <https://carnegieindia.org/2018/02/23/deepening-india-france-maritime-partnership-pub-75630>.

<sup>49</sup> "Asia Africa Growth Corridor: Partnership for Sustainable and Innovative Development," African Development Bank Meeting, Ahmedabad, May 22–26, 2017, <http://www.eria.org/Asia-Africa-Growth-Corridor-Documents.pdf>.



rapprochement between India and the United States. As a result, China is now more important than India for Russia. Nonetheless, New Delhi still desires to prevent a *de facto* alliance between Beijing and Moscow that would leave India isolated in Asia and give China a decisive advantage in the disputed border area. In this context, arms procurement remains one of the few tangible results of the relationship—one that, despite pressure from the Trump administration, is unlikely to disappear soon as long as India is also Russia's main client.

### *Managing Coalitions*

Previous considerations explain why, of all India's predicaments, managing coalitions is likely to be the most difficult. The term coalition itself remains anathema in India's political language, as it *de facto* implies a delegation of power to other members of the coalition and a subsequent loss of sovereignty. India does indeed remain cautious vis-à-vis every grouping likely to be perceived as an anti-China coalition. It is at once actively seeking the political and strategic reassurances that could emerge from such groupings while trying to minimize the potential political cost of an overtly hostile posture toward China.

The Quad, which was formed in 2006 as the Quadrilateral Security Dialogue as a result of the close coordination among the governments of India, Japan, Australia, and the United States during the devastating tsunami of December 2004, illustrates this point. But although the Quad did emerge at the first meeting as no more than a promising consultative forum "for regular exchange of views on regional challenges, in particular dealing with maritime emergencies and security threats such as piracy,"<sup>50</sup> at the joint secretary level it soon fell victim to the tactical compulsions of some of the participants. Even though the participating countries had made clear that it would not take on a military dimension and was not directed at any third country, China criticized the grouping as a potential Asian NATO.<sup>51</sup> As the United States needed China's and Russia's support on the Iran and North Korea issues, the Quad soon disappeared from the agenda, while Australia made it clear that India was not part of its security arrangements.

The Quad was reactivated ten years later at a meeting of senior officials on the sidelines of the ASEAN summit in Manila in November 2017, following the announcement by the Trump administration that it sought

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<sup>50</sup> Shyam Saran, "The Quadrilateral: Is It an Alliance or an Alignment?" *Hindustan Times*, November 25, 2017, <https://www.hindustantimes.com/analysis/the-quadrilateral-is-it-an-alliance-or-an-alignment/story-16CvgQjKHWaayoQjaOl2kM.html>.

<sup>51</sup> *Ibid.*

a free and open Indo-Pacific with the objective of containing Chinese maritime expansionism. India participated in the November 2017 and June 2018 meetings of the Quad. In the aftermath of the 2017 Doklam standoff, however, the China-centered narrative of the Quad generated nothing but caution in New Delhi, with India being the only country in the group sharing a land boundary with China. India also rejected Australia's request to participate in the Malabar military exercise along with the United States and Japan for the fourth year in a row. Although some interpreted this decision as being the result of the Wuhan summit between Xi and Modi,<sup>52</sup> it seems to primarily reflect India's unwillingness to transform the Malabar exercise into a Quad exercise and the country's rejection of anti-Chinese coalitions. This move, though seemingly inconsistent with India's interest in countering China's plans for maritime expansion, is fully consistent with its concept of the Indo-Pacific, specifically as articulated in Modi's keynote address at the Shangri-La Dialogue in June 2018.

The Indian prime minister used the term Indo-Pacific, which he characterized not as a strategy or a club of limited members "and by no means...directed against any country," no fewer than ten times but omitted the term Quad.<sup>53</sup> On the contrary, Modi insisted strongly on the inclusivity of the Indian concept, signaling his willingness to maintain some balance between China and the United States. As discussed earlier, India has historically been averse to multilateral arrangements that could be construed as alliances. Therefore, although the term Indo-Pacific de facto recognizes India's growing influence and hopes for "cooperation in upholding freedom of navigation and overflight,"<sup>54</sup> New Delhi remains wary of its endorsement of the concept creating unnecessary hostility vis-à-vis China. Like that of a number of other countries, India's official rhetoric refuses the competitive dimension implicit in the concept of the Indo-Pacific and redefines the concept in a way that allows New Delhi to avoid choosing between the United States and China. This reticence also signals India's skepticism regarding the value of a partnership whose backbone—U.S. commitment to the security of the region—is uncertain.

Finally, unlike other Quad participants, India's vision of the Indo-Pacific is focused on the Indian Ocean rather than the Pacific. This vision reflects India's actual interests and strategy (in particular, the need to take East

<sup>52</sup> Derek Grossman, "India Is the Weakest Link in the Quad," *Foreign Policy*, July 23, 2018, <https://foreignpolicy.com/2018/07/23/india-is-the-weakest-link-in-the-quad>.

<sup>53</sup> Narendra Modi (keynote address at Shangri-La Dialogue, Singapore, June 1, 2018), available at <https://www.mea.gov.in/Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+Address+at+Shangri+La+Dialogue+June+01+2018>.

<sup>54</sup> Rahul Roy-Chaudhury and Kate Sullivan de Estrada, "India, the Indo-Pacific and the Quad," *Survival* 60, no. 3 (2018): 181–94.

African littoral states of the Indian Ocean into account) and is more in line with its actual capabilities. As rightly observed by Rahul Roy-Chaudhury and Kate Sullivan de Estrada, “in terms of declaratory policy and defense diplomacy, India is certainly looking beyond the Indian Ocean, which helps explain why it is amenable to participating in the Quad even if it is reluctant to call it that.”<sup>55</sup> However, India’s capabilities in the Pacific do not allow the country to be a significant military actor there. This limits its capacity to act autonomously and implies a level of dependence vis-à-vis its partners that is too high for India to be comfortable with.

## Implications for Indian and U.S. Policy

The Indian responses to the U.S.-China rivalry examined in the previous section are unlikely to change the nature of India’s dilemma. India will still need to avoid antagonizing China unnecessarily while increasing cooperation—including military cooperation—with the United States. On the contrary, closer cooperation with the United States will make it even more indispensable for New Delhi to carefully manage its relationship with Beijing. The growing polarization between the United States and China will, however, exacerbate the tensions among the various constraints that structure Indian foreign policy. But India is unlikely to question the fundamentals of this foreign policy unless these constraints become irreconcilable. Until then, it will try to manage these existing contradictions as well as possible.

The United States will draw India into U.S. competition with China whenever U.S. policies strengthen the deterrence dimension of India’s own China policy, helping India both structure regional architectures to its benefit and peacefully dilute the impact of China’s presence in its neighborhood. India is therefore likely to increase cooperation in the larger Indian Ocean region, including military cooperation.

Conversely, India will choose not to cooperate with the United States when U.S. policies are perceived as leading to a more confrontational posture vis-à-vis China or will alter the political and strategic regional equilibrium to India’s detriment. New Delhi will not participate, for example, in any policy targeting Russia, not only because India is heavily dependent on Russian military hardware but also because it fears that any such move would draw Moscow closer to Beijing—and to a lesser extent Islamabad—with undesirable consequences such as additional technology transfers to China and a loss of political support. From that perspective, it is ironic that India

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<sup>55</sup> Roy-Chaudhury and Sullivan de Estrada, “India, the Indo-Pacific and the Quad,” 189.

initially welcomed the election of Trump as president on the expectation that he would normalize U.S. relations with Russia.

Last, India will remain ambivalent on issues where it cannot play a significant role but that may positively affect its own standing. The ongoing trade war between China and the United States is one example. India will stay away as much as possible from such bilateral disputes and will opportunistically try to benefit from the polarization. The extent to which the emerging polarization is likely to facilitate the success of U.S. or Chinese strategic aims is unclear. India has been so far a net beneficiary of the current tensions. Its strategic, political, and economic interests clearly converge with those of the United States, and it will not do anything that may undermine the U.S. position as long as U.S. policies do not affect major Indian interests. India's posture reflects pragmatism and caution rather than ideology. Moreover, conflictual rivalry with the United States is only likely to push China to be more accommodating of India's demands.

India's position on the Indo-Pacific concept illustrates this point and constitutes a subtle expression of both autonomy from and closeness to the United States. New Delhi has endorsed the concept of the Indo-Pacific and given the region its own geographic definition that encompasses the shores of East Africa. Yet it has also welcomed the ASEAN Outlook on the Indo-Pacific, which insists on dialogue and cooperation rather than rivalry and reasserts ASEAN's centrality—a pillar of India's foreign policy in Southeast Asia.<sup>56</sup> In doing so, India states its global convergence with the United States. But it also asserts its own specificities in the process, taking along a number of Indian Ocean littoral states that are too weak to be significant players but are unwilling to be left out. These states are ready to be part of some Indo-Pacific dynamics, a move that should ultimately politically benefit the United States. Strategic dynamics will only push India and the United States closer. Two factors could, however, lead India to diversify its options: a U.S. approach to the region that is too narrowly transactional; and India's incapacity to reform its economy at a pace sufficient to reverse, or at least stabilize, the power gap with China. In both cases, India may have to look for alternative policies and search for greater accommodation with China.

Although India would benefit from continued U.S. pressure to reform, both Indian and U.S. decision-makers will have to keep their respective expectations in check to ensure that the transition costs of reforms remain socially bearable and politically acceptable. From that perspective, the Trans-Pacific Partnership was an interesting model. India was not part of

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<sup>56</sup> ASEAN, "ASEAN Outlook on the Indo-Pacific," June 2019, [https://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific\\_FINAL\\_22062019.pdf](https://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf).

negotiations and, until the Trump administration's decision not to ratify the treaty, feared being left out of the emerging dynamic. But the potential benefits that the signatories could have expected from the United States were powerful incentives for India to continue, even if only incrementally, to modernize its economy. By contrast, in the context of large asymmetry between the U.S. and Indian economies, coercion alone is unlikely to deliver reforms and will only complicate the relationship.

Finally, India's contribution to the overall balance between China and the United States should be reassessed. Furthermore, it should be analyzed in political and diplomatic terms as much as in military and economic terms. With the exception of the late 1950s and early 1960s, India has historically always managed its relations with China deftly, including in the context of growing asymmetry of power, and thereby has significantly contributed to Asia's stability. This political capacity should be understood by future U.S. administrations as a valuable resource at a time when the United States is determined to constrain China to play by established international rules but is equally reluctant to engage in new military adventures. Such considerations would not preclude the United States from helping India mitigate its power asymmetry with China. They would, however, re-establish some balance in U.S.-India relations as well as a level of trust that will be important for future developments in the relationship. An India that is confident in itself and in its relationship with the United States is more likely to accept playing a significant balancing role vis-à-vis its northern neighbor.

## Appendix

### Pakistan and U.S.-China Competition

The growing U.S.-China rivalry is as much a problem for Pakistan as it is for India, although for different reasons. Historically, Pakistan has always been able to maintain a balance between China and the United States. China has delivered political and military support as well as providing security guarantees against India. The United States, on the other hand, has been a traditional provider of military technology and financial support. As long as a relative stability prevailed between the two countries, Islamabad was able to maintain a subtle balance between them and use the implicit threat to move toward Beijing as a way of signaling its discontent with U.S. policies or pressure.

The intensification of the U.S.-China rivalry partly altered the existing balance by exasperating this specific dilemma in Pakistan's foreign policy. On the one hand, it did tighten the bonds between Beijing and Islamabad. Under pressure from Washington regarding both Pakistan's Afghanistan policy and use of terrorism as a tool of foreign policy, Islamabad benefited from Beijing's political protection and relative support. China used, for example, some political capital to protect Pakistan in the Masood Azhar case. Even though Beijing ultimately had to accept the registration of the leader of the Pakistani terrorist group Jaish-e-Mohammed on the UN terrorist list, it did prevent Pakistan's name from appearing in the resolution, an outcome that Islamabad presented as a diplomatic victory over India.

On the other hand, Pakistan has felt increasingly uneasy over its increased dependence on China, especially given the ambiguity of Beijing's expectations. If China is willing to use Pakistan as leverage against India, it is unwilling to let Pakistan dictate the terms of its own relationship with India. China is also not willing to support Pakistan's adventurism and will protect the country only as long as China's own interests are not affected. Pakistani officials realize that this asymmetry of power can ultimately lead

to a relationship of domination, including in the security domain, where the convergence of the two countries' interests is only partial and characterized by a deep mistrust. Last but not least, the military, which dominates Pakistan's political life, is culturally much closer to the United States than it is to China.

Launched in April 2015, the China-Pakistan Economic Corridor (CPEC) exemplifies the complexity of the Sino-Pakistani relationship as well as China's ambiguity about its own expectations for Pakistan's role vis-à-vis India. The corridor was supposed to build transportation and energy infrastructure and transfer dying industries that would have found a new life in Pakistan thanks to lower labor costs. Islamabad also expected security guarantees vis-à-vis India from China's military presence in Pakistan. China, on the other hand, intended to consolidate its strategic position in the Indian Ocean and the Strait of Hormuz and find an alternative to its Malacca dilemma, an objective for which the control of the Gwadar port was central. But Pakistani officials' optimism could not mask the deeper malaise generated by overdependence on China, reinforced by the opacity of the project, while Beijing soon understood that the conditions for CPEC's economic success were not met.

As a result, Islamabad realized that it needed to get out of the zero-sum game it had fallen into and mend relations with Washington. The intensity of the relationship between China and Pakistan has grown considerably since the rapprochement between the United States and India, but Washington remains Islamabad's partner of choice, despite a complex and sometimes difficult relationship. Whatever their political reservations about U.S. policies, Pakistan's civilian and military elites are deeply aware that China will never provide them with the same level of technological and financial support as the United States has. The Afghan peace process has recently provided Pakistan with a temporary opportunity to achieve this objective. Yet it remains to be seen how far the rapprochement can go.