



# Delhi Policy Group

Advancing India's Rise as a Leading Power



## POLICY BRIEF

### US-China Relations and the Balance of Power in the Indo-Pacific

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*Arun Sahgal*

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## Cover Photographs:

*U.S. President Joe Biden with Chinese President Xi Jinping during the summit meeting in Filoli Estate, San Francisco on November 15, 2023. (Source: [President Biden/Official X account](#))*

*Russian President, Vladimir Putin, with President of the People's Republic of China, Xi Jinping, in Beijing on October 17, 2023. (Source: [President of Russia](#))*

*Prime Minister Narendra Modi with the President of the United States, Joseph Biden, in New Delhi on September 8, 2023. (Source: [Prime Minister's Office](#))*

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by  
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# US-China Relations and the Balance of Power in the Indo-Pacific

by  
Arun Sahgal

*This is the second in a series of annual assessments by the DPG Senior Faculty of significant developments in the international arena during the year 2023.*

## Introduction

The US - China summit held in November 2023 took place amidst the world facing unprecedented geopolitical risks, conflicts in Europe and the Middle East, and heightened tensions in Asia. In this vitiated global environment, the summit aimed to reset relations between two major competitors. This is the most consequential relationship for the stability of the global order, and more importantly of the Indo-Pacific.

In terms of optics, the summit underscored the desire of both sides to arrest the rapid decline in their bilateral relations. The US President characterised the meeting as productive and constructive, while President Xi welcomed its strategic significance and profound influence.

Despite the positive intent of re-engagement, differences remained. President Biden underscored the importance of a Free and Open Indo-Pacific, while reiterating US adherence to one China policy. However, he also asserted that the US opposed any unilateral changes to the status quo over Taiwan, underscoring that invasion or blockade was unacceptable. Highlighting the centrality of technological competition, he maintained that the US will continue to prevent proliferation of advanced technologies with the potential to undermine US security.

Xi Jinping, on his part, referencing the unprecedented changes being witnessed in the world, highlighted that China and the US have two options: to strengthen solidarity and cooperation and work together to address global challenges, or to provoke conflict between camps, which could lead the world into turmoil and division.

Amidst these conflicting narratives, the restart of military-to-military communications appeared to be the most tangible takeaway, apart from others of lower consequence, such as AI regulations and common global challenges.

Thus, the meeting can at best be portrayed as a 'thaw' in relations, rather than any altitudinal change. There is no clarity on how long the reset phase will last, as the systemic divisions underlying US-China relations remain unresolved. Caution, rather than optimism, should therefore define the short to medium term prospects of any tangible improvement in bilateral relations.

Together, China and the US account for about one-third of the world economy, almost a quarter of the global population, and around a fifth of global trade. It is in this context that the manner in which their relations play out will have serious consequences for the world at large, and the Indo-Pacific in particular.

This policy brief focuses on the strategic interests driving relations of the two major global competitors, the US and China, together with their consequences and impact on the balance of power in the Indo-Pacific, as well as ramifications for India.

## China's Perspective

China defines its desired goal as overcoming centuries of humiliation and restoring the centrality of its power globally, or what Chinese scholars allude to as a "Sino-centric" world order. It is this central context that defines China's attempt at shaping its relations with the US.

First, is the reunification of lost territories based on historical claims e.g. Taiwan, the South China Sea, and, importantly from the Indian perspective, along the Line of Actual Control (LAC). In perpetuating these claims China keeps coming up with new maps based on dubious historical records and uses them to expand into the territorial space of its neighbours through power assertions and territorial grab tactics. These claims are devoid of any historical credibility, nor can they be internationally substantiated, e.g. the Nine/Ten Dash Lines in the South China Sea, or the territorial claims vis-à-vis India. China's intent is to expand its territorial space, gain influence, and more importantly to keep regional players unbalanced by involving them in unending negotiations which it has no intent to conclude, or abide by, for instance on the LAC with India or the South China Sea with ASEAN neighbours.

The second element of the Sino-centric vision is to challenge the perceived overbearing US global influence and the post-Second World War order, through which the US exercises all critical levers of power, including multilateral financial and economic institutions, giving it the ability to impose unilateral financial sanctions, manipulate global supply chains, etc. Seen in this context, China's short to medium-term goal is to seek bi-polarity with the US both in strategic and economic spheres. For China's leaders, growing global

turbulence and US strategic overstretch in multiple conflicts as an opportunity to gain advantage, by strengthening its economic and military footprints over Asia and the Indo-Pacific.

A key Chinese objective is to destabilise and displace US predominance in East and South East Asia. Strategic equilibrium for China essentially means Taiwan unification, and domination over the South China Sea. These goals will remain the central strategic aims in the coming years, despite denials by Xi that no plans exist for action over Taiwan either in 2027 or 2035.

In pursuit of this singular aim, China is taking multiple steps to counter US attempts at creating a containment security architecture through its regional allies - Japan, South Korea, and Australia - and strengthening its military relations with Taiwan through multi-tier security cooperation, as well as advancing AUKUS as outlined in the NDAA for fiscal year 2024<sup>1</sup>.

Towards this end, China is adopting a three-pronged approach.

The first is to modernise the PLA and bring it on par with the US military capabilities in the Pacific, by completing PLA modernisation by 2035. The PLA Daily has published a list of 25 critical technologies being pursued for developing a competitive edge against the US. Important among these are generative AI; ship-borne Unmanned Aerial Vehicles; Military Robotics; Quantum Information; Hypersonic Weapon Interception; Sixth Generation Fighter aircraft; and Near-Space Aircraft Technology<sup>2</sup>. In addition, the PLAN is preparing to operate at least four active aircraft carrier strike groups by 2035. The Pentagon's annual report expects the number of PLA warships to reach 460 by 2030. By adopting network centric warfare backed by its AA/AD strategy, China plans to pose a serious challenge to US and allied forces in East Asia and the South China Sea.

The second element is the creation of contra-axis based on Russia, North Korea and some ASEAN countries like Laos, Cambodia, and Myanmar, to countervail the growing influence of the US and its allies in East and South East Asia. China and Russia last year conducted five joint exercises in the Sea of Japan and the East China Sea involving naval and air forces. Russian maritime forces have of late been active in the Bay of Bengal, conducting exercises with Bangladesh and Myanmar. More importantly, Russia is investing in supporting the upgrade

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<sup>1</sup> "Final Pentagon budget bill features Taiwan, Aukus and counters to China's influence," [South China Morning Post](#), December 8, 2023

<sup>2</sup> "Secession Bugle is Sounded ahead of Taiwan Elections" Eye on China from Takshashila Institution.

of North Korea's technological/space launch capacities, together with cooperation in intelligence and surveillance domains. Greater strategic cooperation between the three has the potential to pose a serious challenge to the US and its allies in the region.

The third element is regional outreach to all major Asian actors with the singular exception of India. At their meeting in Busan, South Korea on November 25, 2023, the Foreign Ministers of China, Japan and South Korean revived plans for a regular security dialogues and reviving the long-shelved trilateral leaders' summit<sup>3</sup>.

Additionally, on the sidelines of the APEC meeting in November 2023, President Xi and PM Kishida reaffirmed their commitment to a "strategic relationship of mutual benefit", even as the two sides continue to spar over a range of issues.

Earlier, Australian PM Albanese, during his visit to China, firmed up the resumption of high-level diplomatic dialogue, while China agreed to remove most of the coercive trade sanctions imposed on Australian exports over the past three years.

China's outreach is a message to the major US allies about the choices they will need to make vis a vis their security and economic interests. Upholding this key division of interest is intended to push them towards making the difficult choice between de-risking and de-coupling.

Despite attempts to assert and enhance its regional influence, China faces two important headwinds. First is its economic downturn, and second the signs of an increasing challenge to President Xi Jinping's leadership.

There is little doubt that the Chinese economy is under stress. The US and its allies, concerned about China's post-Covid economic controls and escalating geopolitical tensions, have been attempting to decouple, de-risk and reorient supply chains, along with high technology denial, to impose huge economic costs on China. According to one columnist, "since 2018, when Donald Trump launched a trade war against China, Beijing shifted its focus from

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<sup>3</sup> "China, Japan, South Korea top diplomats meet, agree for leadership summit on early date". Accessed at <https://www.scmp.com/news/china/diplomacy/article/3242858/china-japan-agree-reopen-strategic-dialogue-top-diplomats-meet-south-korea>

economic development to security, accusing Washington of trying to suppress it through its alliance network”<sup>4</sup>.

The Chinese economy is facing serious convulsions. According to Bloomberg, foreign investments in Chinese equities and bonds have decreased by approximately 1.37 trillion yuan (\$188 billion), a 17% drop from their peak in December 2021. For the first time since 1998, foreign investments in China have shown a negative trend, underscoring increasing withdrawal of foreign capital. Critics suggest that while China may have good reasons to prioritise security, it has gone too far at the expense of the economy. Policy mishaps, draconian zero-Covid controls, a stringent regulatory environment, new national security laws, and restrictions on cross-border data flows have further contributed to slowing down of the economy.

China's economy today is marked by slow growth, high levels of local government debt, a slumping property market, and a sharp withdrawal of foreign investments. To revive the economy, Xi has been forced to focus on reforms, including the opening up of the markets. He has also delivered a strong pitch to American businesses urging them to invest in China's revival.

The second issue China faces is technology denial, even as it redoubles its efforts at R&D in critical and emerging technologies and attempts to reorient its supply chains. Towards this end, the EU is becoming an important point of focus in addition to South East Asia, which remains an integral part of the Chinese industrial/supply chain ecosystem. However, despite the recent China-EU Summit, trust levels between the two are not high<sup>5</sup>. The EU remains committed to de-risking, and seeking a greater opening of the Chinese economy, including fair business practices, as a quid pro quo. Importantly, the EU like the US is committed to technology denial and de-risking in areas such as semiconductors, quantum computing, and AI, all of which are critical to the Chinese economy and its military modernisation. Efforts to revitalise economic growth will be a difficult process.

The next important factor is the political headwinds faced by Xi Jinping. Two issues of concern for Chinese Communist Party leaders are the deteriorating relations with the US, and the handling of the economy. Perceptions are that

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<sup>4</sup> China thaw means Beijing can focus on development, not security;

<https://wangxiangwei.substack.com/p/for-those-of-you-who-missed-my-latest>

<sup>5</sup> "24th EU-China Summit: engaging to promote our values and defend our interests," [European Council](#), December 7, 2023



by abandoning Deng Xiao Ping's "bide your time strategy", China has exposed itself to economic and security pressures prematurely.

At a secretive party conclave in the port city of Beidaihe, Xi was reportedly given "harsh advice" by CPC elders regarding the state of the economy and relations with the US<sup>6</sup>. The main concern was that in the midst of a declining economy and turmoil in the PLA hierarchy, China must avoid worsening ties with the US, and the highest priority should be stabilising the economy and relations with the US. A paper written by Gen Liu Yuan, son of former President Liu Shaoyi, expressed deep opposition to Mao's "autocratic" style, which was largely seen as criticism of Xi's leadership style and policies.

Yet another factor influencing Chinese restraint has the state of the PLA morale and leadership, as highlighted by the high-profile sacking of the Chinese defence minister, purges of the leadership of PLA Rocket and Support Forces, and several senior generals who were removed over corruption charges<sup>7</sup>. The fact that all those sacked were President Xi's nominees put in question his judgment capability.

The disquieting impact of high technology in the Ukraine war, particularly the poor showing by equipment-intensive Russian forces, has unnerved the PLA leadership, which is carefully studying the lessons from the Ukraine conflict. The main concern is whether the "hi-tech hardware being developed will work with software – the human resource". In other words, does the PLA have the human capital to exploit these technology intensive weapons systems? Analysts in China see "real war as the best test of the success or failure of military reforms and technological excellence. Otherwise, everything is just a theory and weapons only a heap of metal."<sup>8</sup> There are concerns that given the overarching state control over the PLA leadership, growing corruption, the relatively untested PLA together with overconfidence over Taiwan could lead to unintended escalation for which PLA may not be ready, leading to disaster.

Yet another issue is this year's US presidential election. The volatility of US politics and polarisation of American society are a matter of deep concern in

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<sup>6</sup> "Chinese President Xi rebuked by party elders at secretive meeting ahead of G20 Summit"; <https://www.hindustantimes.com/world-news/president-xi-jinping-skips-g20-summit-amidst-growing-turmoil-and-criticism-from-party-elders-101694002688278.html>.

<sup>7</sup> "Sweeping Chinese purge exposes military weakness could widen, say analysts"; [conomictimes.indiatimes.com/news/defence/sweeping-chinese-military-purge-exposes-weakness-could-widen/articleshow/106406335.cms](https://www.conomictimes.indiatimes.com/news/defence/sweeping-chinese-military-purge-exposes-weakness-could-widen/articleshow/106406335.cms)

<sup>8</sup> "The ongoing military overhaul of China PLA has one goal in mind – Taiwan"; <https://www.scmp.com/news/china/military/article/3239550/ongoing-military-overhaul-chinas-pla-has-one-goal-mind-taiwan>

China, as the election could turn into a China-bashing contest between Democrats and Republicans, derailing the fragile relationship through anti-China rhetoric and pushing back on all recent gains.

## Prognosis-China

Flowing from above, the following broad deductions can be made:

- China sees the US as a peer competitor which will do everything to undermine China's rise. The Summit in San Francisco was at best a holding operation to stabilise the relationship and woo American businesses.
- The Chinese leadership is aware that in the coming years, military and technological competition will only escalate. As a result, there are concerns that despite sustained attempts at military modernisation, the PLA may not be politically and operationally ready for a Taiwan contingency.
- There is awareness that given the obtaining alignment of global power, and China's own standing including its increasing strategic partnership with Russia, it is in no position just yet to challenge the US global power and influence. In fact, as per current estimates, China is unlikely to overtake the US economy even by 2040, or at all.
- China's interim strategy thus appears to be to contain the US in East Asia by keeping Taiwan threat alive. As for the South China Sea, the aim is to dominate the region to provide depth to its vulnerable East Coast, as also to prevent US force projection, effectively creating a buffer between the Indian and Pacific Oceans. North Korea and Russia are seen as partners in this strategy.
- In the continental domain, China will continue to assert its influence along its strategic periphery. India's rise and growing CNP will always be an unstated factor, and the reason for uncompromising multi-domain assertions along the LAC.
- In terms of posing a strategic challenge to the US-dominated global order, China is conscious that it lacks CNP, allies and bases; its heft lies essentially in trade and supply chains. To enhance its strategic footprint, and to countervail the overstretched US alliance system, China will continue to stitch partnerships in Asia and elsewhere through alignments with Russia, Iran, North Korea, and nations in Africa. It will also use BRICS, SCO, and ties

with the Middle East and Africa as bulwarks of its political and economic outreach.

- Economically, China feels that given the challenge it faces from declining economic growth, reduced FDI, and disruption in supply chains, it will take the best part of this decade to restore its economic primacy again. The period of the next 5-10 years is seen as one of fiscal and economic consolidation.
- Lastly, there is a growing perception that China as a singular power bereft of credible allies or consequential partners, is in no position to upstage the US dominated global order, even as the latter is becoming increasingly over committed. It is not ideologically accepted in the free world; its influence is at best restricted to continental Asia with growing maritime outreach that includes the Indian Ocean, West Asia, and Africa. To enhance its strategic, economic, and social outreach, it will continue to leverage the BRI to build a “community of common destiny”.

## US Perspective of its Power and Influence in the Indo-Pacific

In the context of the emerging world order, US–China relations can best be defined as transitioning from a US/Western alliance-dominated unipolar to a multipolar order following China’s rise. As a result, for the first time post-Second World War, US faces a complex environment that has the potential to undermine its global dominance.

The US National Security Strategy identifies the People’s Republic of China (PRC) as the only major power that has the intent and capability to reshape the international order given its emerging economic, diplomatic, military, and technological capacities. For the US, China is the main peer competitor whose incremental rise in CNP poses a profound strategic challenge with the capacity to create an alternative global system to challenge US primacy.

Despite the challenge, the US leadership continues to be rooted in the belief of its overpowering regional and global influence as a pre-eminent power. There is a tendency to underplay China's increasing sphere of influence in the Indo–Pacific and Russian influence in Eastern Europe and Central Asia. There is a belief within US policy circles that despite its strategic overreach, it has the requisite heft to constrain and contain the China challenge together with that from Russia.

The reality is that as it prepares to deal with multi-dimensional challenges, the US is getting distracted from its core strategic concerns in the Indo-Pacific, be it the Israel-Hamas conflict or the continuing war in Ukraine, now in its second year. The Biden administration appears sanguine about US capacity to deal with other global challenges without losing focus on the principal one from China. History has it that a similar situation was faced by the Obama Administration in 2011, whether proclaimed pivot to Asia was displaced by US involvement in regional conflicts/terrorism in Iraq and Afghanistan, thus losing focus on Indo-Pacific. This provided China a period of unrestrained development, growth, and power assertions. It was also the period when China firmed up its control over the South China Sea and developed a non-contact, standoff strategy of Anti-Access and Area Denial to dominate East Asia, Southeast Asia and the Western Pacific.

There are three strands of America's strategy to deal with China: "cooperate, constrain and contain". These elements are in play in across-the-board competition, be it strategic, economic, technological, or military.

In terms of trade and investments, American strategy is focused on constraining China's economic rise. This came about during the Trump presidency, when the world was witnessing a slowdown in global production and international trade, largely owing to Covid-19. In the ensuing trade war, America had four core interests: reduce the bilateral trade deficit, limit the access of Chinese companies to American technologies, prevent China's digital modernisation, and curtail the growth of China's military and technological advancement. This continues to be in full play, despite attempts to reset bilateral relations.

The second element relates to technology denial. The US sees China as a long-term competitor and believes that tightly focused economic and technological restrictions -- "small yard, high fence" -- are an imperative part of containment strategy, even while continuing regular trade and investment relations. The small yard is getting bigger as the US attempts to prevent China from acquiring high-end technologies in areas such as semiconductors, AI, and quantum computing, which is backed by decoupling from existing supply chains and export restrictions. Given the prevailing mood in Washington, these trade restrictions and the US critical technology denial strategy will continue into the next presidency.

Third is the maintenance of a favourable regional power balance in the Indo-Pacific against Chinese assertions and grey zone tactics.

As highlighted earlier, China's realisation of Sino-Centric Asia dream is focused on limiting US regional influence. This is to be achieved by maintaining a continuous threat to Taiwan through offensive deployments, force projection and grey zone tactics. An equally important aim is to strengthen Chinese domination of the South China Sea to contain the activities of the US and its allies.

America as an offshore power needs to project both intrinsic military dominance, and that of its allies, to contain China. To enhance and ensure the credibility of its deterrence, the US is adopting a two-pronged strategy. The first element is its own regional posture along with helping build capacities of its regional allies and partners, Australia, Japan, South Korea, the Philippines and Taiwan. Some recent steps include hi-tech military cooperation with Australia under AUKUS which, apart from the nuclear submarine programme, includes enhanced technology and information sharing in areas such as guided missile production and underwater domain technologies. Similarly, in addition to steps being taken by Japan to upgrade counter-strike capabilities as outlined in its National Security Strategy, Japan is being encouraged to provide military equipment under its overseas security assistance (OSA) and meeting the infrastructure requirements of partner countries, importantly the Philippines and in the future Vietnam, Malaysia, and possibly Fiji. Further, the US is establishing a "Marine Littoral Regiment" in Okinawa, to make the US posture more resilient, mobile, and lethal.

The second element of the US regional strategy is creating an integrated regional security architecture revolving around the network of bilaterals and mini-laterals in concert with Japan, Australia, and South Korea. This power coalition is essentially Taiwan centric. In South East Asia, the Philippines is emerging as the central pivot of America's ASEAN/South China Sea strategy. Partnership with allies Japan, Australia, South Korea, and the Philippines is central to China containment. The US strategy aims to strengthen the First Island Chain and integrate the Philippines in regional architecture, as part of its policy of deterrence by denial, to prevent China from projecting power across the South China Sea or into the Western Pacific.

Strategic weapons' competition is another aspect at play in the Indo-Pacific. The region hosts four nuclear powers, plus the US together with its extended deterrence. The regional scenario is getting vitiated by China's anticipated expansion of its arsenal to 500 weapons by 2025, and around 1500 warheads around 2035. An added issue is the disproportionate numbers of Chinese delivery vectors, by some accounts around 4000 plus. These developments imply that China is acquiring dual nuclear and conventional strategic strike

capability. Along with North Korea's expanding nuclear and ICBM capability, this is formidable strategic capacity enhancement for the region.

The US is meeting this challenge by guaranteeing extended nuclear deterrence to allies South Korea and Japan, and setting up mechanisms for real time information exchange. Furthermore, Russia's withdrawal from the 1987 Intermediate Range Nuclear Forces Treaty in 2019 has cleared the way for the US to deploy medium-range missile systems like Standard Missile-6 (SM-6) and Tomahawk cruise missiles, among others of ranges between 350–2500 Kms, most likely to be deployed in South Korea, Japan and possibly Guam<sup>9</sup>. These developments have the potential of severely undermining strategic stability in Asia, particularly as China too has a large inventory of intermediate range missile systems, and more importantly, refuses to join any strategic arms limitation talks or other nuclear CBMs.

In so far as the Indian Ocean theatre of the Indo–Pacific is concerned, the US and the Quad lack presence and pose no direct challenge to China. India is the sole Quad partner facing China's multi-dimensional challenge. While India is building its indigenous defence capability and CNP, a close India–US strategic partnership is supporting India's capability enhancement through the sale of advanced weapon systems, technology transfers and assistance in developing an indigenous defence industrial base through programmes such as iCET and IDEX. Added to the above are information sharing and foundational agreements, which help build a credible dissuasive posture for the security of sea lanes, and against Chinese assertions in the Indian Ocean/ Bay of Bengal, and the Western quadrant of the South China Sea adjoining astride the critical straits of Malacca.

## Prognosis-US

The following deductions can be made from the above:

- In the prevailing global balance of power, multi-domain US-China contestation is a given. The bipartisan consensus in the US is to maintain both a competitive strategic edge, together with economic and technological pressure on Beijing. At their summit, Biden was forthright in telling Xi that the two countries "will remain competitors even as they cooperate".

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<sup>9</sup> "Missiles for Asia" [https://www.rand.org/pubs/research\\_reports/RR945.html](https://www.rand.org/pubs/research_reports/RR945.html)

- Beijing has repeatedly accused the US of trying to “contain” China’s rise, while remaining dismissive of US security concerns. Washington looks at China as an authoritarian state, undermining rules-based order and attempting to usurp strategic space in Asia, while also extending its influence in the Middle East, Europe, and the Global South at the expense of US-led Western system.
- An important element of the emerging strategic picture in the Indo–Pacific is the China–Russia axis opening up a separate front to challenge American influence and credibility in East Asia, complicating the regional geopolitical matrix.
- The building of yards and fences will persist, with the size dictated by the perception of its impact on China’s economic and technological development. This will be attempted by the least disruption to trade and investment that benefits the US economy.
- Relations will be subject to a highly charged domestic political scenario, and how much of an issue China becomes as part of a polarised electoral discourse. Ideological claims of democracy versus Chinese authoritarianism are likely to further vitiate the atmosphere.
- Profound disagreement over issues like tariffs, curbs on high-technology, Taiwan, the South China Sea and human rights will continue to provoke bilateral tensions. Attempts at putting guardrails are unlikely to succeed, as China considers these as an insidious US containment strategy.
- The biggest test of the US’s strategy lies on the security front, most importantly in dissuading Xi Jinping from escalating tensions over Taiwan or the South China Sea. An extended standoff, despite the potential of unintended escalation, suits America in building its regional power and influence. Thus, despite constant provocations, conflict will be at best avoided.
- A key issue in US-China relations is differing perspectives of what constitutes viable and workable relations. The US believes that by continued trade and investment, and scaling back the size of the yard, it can win Chinese goodwill, or at least make it back down on issues that matter to US core interests. This is unlikely. China looks at these attempts as best as sops, without addressing the core issues on which it seeks equivalence or accommodation.

- A highly polarised military environment will continue to prevail. As China gains in CNP, it is likely to push the envelope on both Taiwan and the South China Sea, creating a dilemma for the US and its partners. In such a scenario, a challenge for the US will be the behaviour of its allies. Will they wholeheartedly support the US, or get constrained in becoming the front-line states of a conflict that does not safeguard their sovereign or economic interests?

## Implications of the Emerging Balance of Power for the Indo-Pacific

The first and foremost issue is the possible contours of the ongoing global power realignments. There are two discernible trends. First, the US distraction over Ukraine and the Israel-Hamas conflict, including the security of maritime trade in the Red Sea. According to China's assessment, as long as America remains enmeshed in these conflicts, its strategic focus is unlikely to fully shift to the Indo-Pacific.

In China's perception, a distracted America could widen the window of strategic opportunity providing a period for economic recovery, military capacity building and continued maritime dominance. It will allow time to consolidate China's national power, and an opportunity to continue maintaining an assertive posture. This is a scenario that could further embolden China.

Second, there are signs that China and Russia, post the stabilisation of the Ukraine conflict, could open a third front in the Indo-Pacific. This will be in the form of military escalation in the South China Sea, strong posturing in the East China Sea, tensions in the Taiwan Strait, intimidating satellite launches/missile tests by North Korea, posing a secondary challenge to the US and its allies in the region.

Added to the above, China, Russia and Iran could come together, along with Pakistan, to dominate the Western Indian Ocean, particularly astride critical sea lanes including the Persian Gulf and the Makran Coast, effectively dominating critical trade routes and energy supply lines from West Asia to the Mediterranean. Recent maritime exercises involving all four countries with focus on anti-access and area denial signal the possibility of such a scenario becoming a reality in the not-too-distant future.

An emboldened China could escalate coercion and grey zone activities both in East Asia and India's continental and maritime domains. Misreading of global



dynamics, overconfidence or provocation, could result in a deterrence breakdown leading to limited military action against Taiwan, to test the waters. There are signs that preparations for a short notice conflict are being made, with reports of China stockpiling food supplies, including fuel and coal, for such a possible contingency.

In contrast, the US strategic thinking revolves around a China containment security architecture, through capacity building and force upgradation. The US Department of Defence believes that 2023 was truly a transformative year for building up defence architecture in the Indo-Pacific by working closely with allies and partners. There is confidence that despite Chinese assertions and grey zone activities, this will not escalate into any precipitate action. Consequently, the US leadership believes that commitments in the Middle East and Europe do not provide any overwhelming strategic advantage to China in the Indo-Pacific.

Furthermore, there is a perception that China lacks military capability and operational preparedness for an all-out offensive against Taiwan just yet. Poor showing by the Russian military and equipment in the Ukraine conflict, resulting in large scale loss of men and materiel, is seen as another factor that will constrain the untested PLA from undertaking such a cost-prohibitive campaign, despite China's major technological strides.

While the above may be true from the perspective of the US-China bilateral strategic balance, continued provocations, force buildup and military activities are seen as destabilising by regional actors, who constantly worry about the consequences of escalation. A scenario is emerging where regional countries, particularly middle powers like India, Indonesia, and Vietnam, are concerned that a delicately poised strategic balance can get upset by a single false move. This is giving rise to a perception that they must do more for themselves and in partnership, without necessarily waiting for US support or for the situation to escalate.

From the Indian perspective, a tenuous balance of power, constrained by the US-China standoff in East Asia, allows China to exert influence along India's continental and maritime domains and its strategic neighbourhood. This is noticeable, with China excluding India from its outreach strategy towards major Asian actors. In addition, there are signs that having achieved a stalemate in the East, China could shift its attention to the Indian Ocean. As China acquires power projection capability through its naval build up and acquisition of bases and places, it will expand its sea legs in the IOR. As mentioned earlier, attempts are being made to create a constraining narrative to dominate the

critical sea lanes of the Indian Ocean in concert with Iran and Pakistan, and supported by Russia.

With a fragile balance of power obtaining largely along the Asian rimland, and the US hardly in a position to provide countervailing support, middle powers in Asia like Indonesia and Vietnam, and even South Korea and Japan, will hedge their bets. Furthermore, given the division of interest between the US and its Asian allies over security versus trade and investments, and expanded BRI infrastructure, will make de-risking and decoupling with China extremely difficult. This will be a difficult choice, particularly if allies and partners see US regional interest waning.

## India's Perspective

As highlighted, India faces a multidimensional challenge from China. Given the prevailing Indo–Pacific security order, the US and its allies do not have the capacity to be part of meeting any India-specific challenge. India's security challenge from China already includes a three-year-old border standoff. China is steadily enhancing its footprint in the Indian Ocean and before long will be fielding major naval forces supported by the bases and places it is incrementally establishing in the Indian Ocean. China is also making inroads in to the Bay of Bengal by developing strategic land bridges through Myanmar or Thailand. This implies that by the turn of this decade, in addition to the continental space India will be facing a strong maritime challenge from China.

A resurgent China, asserting its power and influence both in the East and the Western Indo–Pacific, and the US strategic influence largely concentrated in the East, India's strategic vulnerabilities are only going to increase over the next decade. This is also the period which is one of economic opportunity and developing a credible defence eco system. The challenge is how should India respond to a conflict situation created by China to enmesh India into a local conflict.

It is imperative for the US and Quad partners to rethink Indo–Pacific strategy. *It no longer can be a one front equation.* The western fulcrum will need to be strengthened for any meaningful balance. While this may take time, an even more germane issue is what support, if any, can India expect from the US and other Quad partners as it faces a dual continental and maritime challenge.

## Conclusion

As we enter 2024, the world is heading for a period of turbulence and uncertainty. The world is transitioning from a US-led unipolar order to a

multipolar one as the US faces opposition from China and Russia. The grinding conflict in Ukraine, and the Israeli– Hamas war show little sign of resolution. The China– Russia– North Korea nexus in East Asia and a coalition of China– Pakistan– Iran– Russia in the Indian Ocean/ Persian Gulf are emerging.

With US attention diverted by multiple flashpoints, China is getting an opportunity to consolidate its influence in its bid to create a Sino-centric Asia, as a first step of its vision of global dominance. Major regional actors will face the difficult choice of standing up to China, and their decision will be dictated by the perception of the effectiveness of US deterrent power.

With little or no countervailing support, India will have to manage the multidimensional Chinese challenge with its own power and influence. Over the medium term, there is unlikely to be any let-up in Chinese pressure on India. The US and Quad partners are effectively contained by China in the Eastern theatre, and the South China Sea is an effective buffer.

This underscores the need for India to rapidly build up its economic, technological and military power. Additionally, there is a need for the US to upgrade its operational priorities in Indian Ocean region. If that is difficult, or may take time, the next best step is to help India harness its capacities and capabilities similar to what the US is doing in the East Asia– Western Pacific theatre: AUKUS, Japan's investments in national defence, South Korea's capability enhancement and the upgradation of the US Pacific posture.

The reality is that even as we perceive the US as our most consequential partner, the security benefit from the US falls well short of reassurance. The dilemma for India is that in the fast-changing regional and global security environment, how much should India get drawn into the vortex of big-power competition. A period of strategic uncertainty stares India, as indeed the Indo– Pacific.

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