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(Photographs top to bottom)

Prime Minister Narendra Modi meeting US President Donald Trump on the sidelines of the G20 Summit in Osaka on June 28, 2019.

Russia-India-China (RIC) trilateral meeting between the leaders of India, Russia and China on the sidelines of the G20 Summit 2019 in Osaka on June 28, 2019.

Japan-America-India (JAI) trilateral meeting between the leaders of Japan, India and the United States on the sidelines of the G20 Summit in Osaka on June 28, 2019.

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by
Arun Sahgal

Introduction

India is increasingly being drawn into the vortex of major power competition unfolding between the US and China. Russia, seeing a strategic opportunity, has begun to align itself closer with China to create more space for itself as a major geopolitical player, particularly in Eastern Europe and in the Middle East. These developments have serious political and security implications for India which, by and large, had maintained a strategically independent stance in its major power engagements during NDA 1.0. However, India has also upgraded its strategic partnership with the US based on their converging interests in the Indo-Pacific, and leveraged these ties to upgrade India's defence and technological capabilities.



Prime Minister Narendra Modi meeting US President Donald Trump on the sidelines of the G20 Summit in Osaka on June 28, 2019.

Strategic balancing of China is not a direct objective of India's foreign policy. But it remains a more carefully nuanced aim, pursued through a focus on a rules-based regional order, respect for the global commons and promotion of equitable cooperation, ensuring that Asia remains free from hegemonic dominance. As the dispute between the US and China escalates, this is likely to create a serious strategic dilemma for India in managing diverse major power relationships, not only with the US and China but also with Russia, which is increasingly emerging as China's "Comprehensive Strategic Partner".

Against this backdrop, this paper examines the implications of emerging strategic competition for India and outlines its strategic choices to deal with an era of transitional geopolitics.

Emerging Contours of Strategic Competition

There are two emerging geopolitical trends.

First is the emergence of a US strategic doctrine that marks a major shift in US policy towards the Indo-Pacific, aimed at creating a favourable balance of power to counter China's perceived threats to US economic, technological and military supremacy. There is an unmistakable groundswell of bipartisan determination in Washington to counter China's hegemonic aspirations, both in Asia and globally¹.

Importantly, the US-China standoff will not be waged over ideology and military might alone. It will likely encompass systemic, political, economic, and technological competition. As this trend gathers momentum, it will have a major impact on global geopolitics and the multilateral institutions that underpin global trade and economy². Early signs of this are already discernable. The US has unleashed a wholesale weaponisation of the economic and military tools at its disposal through enhanced tariffs, trade intimidation, technology denial and a more assertive US posture in the South China Sea, including aggressive "Freedom of Navigation Operations" (FONOPS) patrols to restrain Chinese militarisation and attempts at regional coercion. The overall US strategy is becoming increasingly confrontational, which could result in heightened regional tensions.

The second trend is a significant hardening of the Chinese stand on the unfolding full-spectrum confrontation with the US. China's stand was outlined at the recent Shangri-La Dialogue, where the Chinese Defence Minister pulled

¹ DPG Policy Brief "India's Foreign and Security Policy: Achievements and Future Challenges for NDA 2.0", pp 5, www.delhipolicygroup.org

² Ibid

no punches in highlighting that Beijing will hold its ground, retaliate against any interference in its domestic affairs or sovereign interests and continue its march toward shaping the Asia-Pacific in its own image. China is signalling that it will join the strategic competition squarely with America.

With growing scepticism about prospects for China-US relations, Chinese power elites are alluding to a shift from the hitherto "half-truce" model to a "fighting and talking" model. The scenario of intensifying competition is compared with China's stand in the Korean War (1950-1953), where the two countries were in a similar 'fighting and talking' mode and "China's persistence on the battlefield and the resultant gains eventually forced the Americans to bow their heads at the negotiating table"³. Taking a cue from history, a consensus is emerging among Chinese political and strategic elites that regardless of the progress on the trade talks, China should "lose all illusions of a cordial relationship with the US and prepare for a protracted confrontation"⁴. It is important, however, to note that China is unlikely to seek an outright confrontation and will be willing to work towards a politically acceptable settlement without compromising its core interests. Taiwan is emerging as a major potential flash point in this competitive scenario. Were the US to go ahead with a "Taiwan Assurance Act", this will lead to serious breakdown in relations, a fact forcefully underscored by the Chinese Defence Minister at the Shangri-La Dialogue. This issue has gained further traction post the recent strife in Hong Kong forcing retraction of a proposed "extradition bill", which is being seen as a major loss of face and setback to the Xi regime.

To prepare for prolonged confrontation with the US, China has begun to build strategic leverages, as signalled by growing Sino-Russian collaboration. This was showcased at the recent SCO Summit in Bishkek, where Russia reaffirmed the significance of the 'Alliance of the East' as a counter to a US-led rules based order. The Sino-Russian narrative centres around US unilateralism and protectionism, versus the principles of multilateralism, equality and inclusiveness which are projected in their "new Asian Consensus". Equally, there is an attempt to create a "collective awakening" of the emerging economies to strive towards a fairer world order that protects their rights and interests. China has proposed a "New Type of Rules Based multilateral trade initiative", no doubt with Chinese characteristics. The recent visit of President Xi Jinping to North Korea is another attempt by China to flaunt its regional leverages. Similarly, China is incrementally gaining influence over ASEAN, riding on the breakdown of ASEAN cohesion and driven by the geo-strategic gains secured through the BRI. The growing perception within ASEAN of the

³ DPG China Monitor, pp 3, Vol II Issue 5, June 11, 2019, www.delhipolicygroup.org

⁴ Ibid

US being an “ambivalent power” that can provide only limited regional balancing is helping China increase its regional dominance.

Implications of US-China Strategic Competition for India

From the trend lines discussed above, it is apparent that even if there is a temporary truce over trade, the bipartisan consensus within the US of China being a revisionist power that is focused on displacing the US in the Indo-Pacific is likely to drive policymaking. Similarly, China can be expected to resist strongly in all domains: political, economic and military. In the military domain, it is building a strong dissuasive posture based on advanced technologies as outlined in China’s “Technology Mission 2025”. The focus of military modernisation is on naval, missile, space and asymmetric capabilities. The PLA leadership believes that its Anti-Access and Area Denial (A2/AD) capability is credible enough to deal with any American challenge both at home or in a Taiwan conflict scenario. Similarly, militarisation of the South China Sea is part of a regional domination strategy, including domination over critical SLOCs as well as to support the PLAN’s “Look West” policy which is necessary for blue water power projection and central to resource security and trade across the Indian Ocean. China has created credible strategic and asymmetric capabilities to deal with US power in any domain.

This implies that while a Sino-US conflict is not imminent, stakes are being raised which could result in military miscalculation. India as an important regional player is likely to be impacted by this scenario.

India’s Strategic Dilemma

As the emerging US-China confrontation gets aggravated into a full spectrum challenge, India will face pressures from multiple directions. In the forefront is India’s partnership with the US, in both bilateral and Indo-Pacific constructs. The US expects greater burden-sharing by strategic partners and allies that share similar values and strategic goals. In this context, relations with India are seen as part of a Indo-Pacific strategy whose primary focus is China’s economic and military containment⁵. The strategic framework is thus for India to become a quasi US alliance partner. In return, India is being offered advanced US military equipment that will help build its overall capability. The starting elements of this framework are “interoperability and information sharing”, with the next level defined by “joint operations” in support of shared objectives.

⁵ Note 1 Ibid, pp5.



Russia-India-China (RIC) trilateral meeting between the leaders of India, Russia and China on the sidelines of the G20 Summit 2019 in Osaka on June 28, 2019.

Next in line are India's relations with China. As argued in DPG Policy Brief "India's Foreign and Security Policy: Achievements and Future Challenges for NDA 2.0"⁶, thus far India's engagement with China has centred around building security and economic relations on balanced terms. From Doklam to Wuhan, the aim has been to uphold strategic resilience while promoting economic engagement and preventing differences from becoming disputes. Notwithstanding the above, the two leading elements of China's approach towards India remain unchanged. India must be prevented from emerging as a credible challenger to China's regional hegemony and becoming part of a US-led strategic architecture that is aimed at containment of China. Accretion of India's military capability that reduces the prevailing military power asymmetry with China is clearly not in the latter's interest.

China has adopted a twin-track strategy for India. One is soft balancing through engagement on all outstanding issues that bedevil the relationship,

⁶ Note 1 Ibid, pp6.

carrying forward the “Wuhan spirit” as also underplaying the boundary dispute while maintaining coercive pressure along the border.

This is complemented by external balancing through political, economic and military inroads in India’s strategic neighbourhood. Sino-Pak economic and militarily collusion is part of this strategy, aimed at posing a two-front challenge for India. China’s growing footprint in the Indian Ocean, assistance in building Pakistan’s naval capability and naval presence astride the Makran Coast that straddles the critical waterways from the Persian Gulf to the Indian Ocean SLOCS, are all aimed at undermining India’s maritime predominance. The message is clear: desist from becoming a partner in any China containment strategy or face incremental coercion. The problem for India is that this message does not come with any offer of accommodating India’s interests, concerns or aspirations, an expectation frequently raised by PM Modi with President Xi.

India’s Options

India’s central dilemma is how should it can shape its major power relations without undermining its strategic choices. During NDA 1.0, “India’s foreign and



Japan-America-India (JAI) trilateral meeting between the leaders of Japan, India and the United States on the sidelines of the G20 Summit in Osaka on June 28, 2019.

security policy focus was based on engagement with all regional and major powers based on a realist orientation, recognition of key challenges and utilization of opportunities to expand India’s strategic outreach”⁷. India is the only country that straddles both the competing camps, JAI (Japan, America and India) and RIC (Russia, India and China). In the more benign global environment that prevailed during NDA 1.0, it was easier for India to be multi-aligned. In an era of greater polarisation, it will be significantly harder for India to manage its competing relations with the US, China

⁷ Note 1 Ibid, pp3

and Russia, each of which are of strategic importance.

First and foremost comes China. As highlighted earlier, India's economic rise and growing comprehensive power is increasingly being acknowledged in Chinese policy circles as posing a strong challenge to China in the medium term. Aggressive competition between the two for leadership in Asia is inevitable, which is now being propelled by China's BRI-led expansionism and India's Indo-Pacific strategy. India's close strategic partnership with the US ensures that its rise will be perceived as a challenge by China's policymakers. What India can hope for at best over the medium term is to manage relations with China without undue friction.

Relations with Russia are another element in India's strategic puzzle, particularly as it dominates the Asian continental space in concert with China. India under NDA 1.0 enhanced its formal and informal engagements with Russia to secure greater understanding of each other's economic and security needs and concerns. This has resulted in Russia maintaining fairly balanced relations with India despite its incremental convergence with China and leaning toward Pakistan in pursuit of stability in Afghanistan and Central Asia. Russia remains a major source for India's defence procurements, providing 62% of India's defence purchases from 2013-18. India's current defence order book with Russia is close to \$14 bn., apart from another \$4-5 bn. in replenishment and refurbishing costs. This implies that even if India wants, it is not possible to completely diversify defence relations away from Russia in the short to medium term.

This importantly brings into focus the present state of India-US relations. While several countries such as Australia, Japan and the South-East Asian nations also hold strategic relevance to the US Indo-Pacific strategy, it is nuclear India with a growing economy destined to leapfrog to a higher plane over the next two decades that currently tops the US priority list of partners for its regional designs.

Even for India, the relationship with the US by far is the most consequential. India has made a clear determination that in the prevailing geo-strategic scenario, strategic partnerships with the US as a major power, and with other leading powers in Asia (except China), will provide India with major payoffs.

Prime Minister Narendra Modi has invested a fair amount of political capital to ensure that the broad trajectory of India-US relations remains promising. Both countries have worked hard to build political trust, increase understanding of their respective concerns, and expand relations across a wide spectrum, from political and *economic to defence and security*.



Prime Minister Narendra Modi meeting with Prime Minister Shinzo Abe of Japan in Osaka on June 27, 2019.

Notwithstanding this favourable perspective, there is no escaping the fact that India-US relations are also marked by differing strategic drivers based on their respective interests. The US is consumed by the China challenge and has come to see all relationships from this singular perspective, imparting both an edge and urgency to US expectations from allies and strategic partners. Thus, India as a close strategic partner on par with other regional allies, will increasingly be expected to align itself to the US-led regional security architecture.

This envisages India becoming part of regular defence arrangements, with emphasis on “interoperability and depth of engagement”.⁸ America also looks upon India as the key regional balancer to China in the Indian Ocean and a factor of net security and reassurance for Southeast Asia. Theatre-level defence and security cooperation with India is again seen from the perspective of a quasi-ally in a US-led operational framework.

While India subscribes to the broad contours of the US Indo-Pacific strategy in terms of an open, inclusive and rules based order, it is certainly not comfortable with being pegged down as part of a US-led China containment strategy. India’s concerns are aggravated by one conceptual and four key differences in perception, that have brought these divergences out in the open.

Conceptually, the meaning of “strategic partnership” remains fuzzy and ill-defined within the US policy establishment. The US understands strategic partnership as approximating an alliance, with common security objectives and military goals. This ambiguity rules over the nature of balanced engagement, both at the strategic and operational levels. At the strategic level, Indian interests are often seen as divergent from those of the US. India, on the other hand, with its natural aversion for alliances, wants to maintain strategic independence. In operational terms, there is similar reluctance to go the entire distance in terms of diplomatic coordination, technology and intelligence sharing (membership of “Five Eyes”) and defence staff talks. This is notwithstanding the fact that the two sides have come a long way in narrowing differences and developing common understandings.

The first key perceptual difference is the conception of geographies that define the Indo-Pacific. For the US, the region aligns with the boundaries of the Indo-Pacific Command, i.e. from the west coast of India to the west coast of the US. From the Indian perspective, the centrality of the “Indo” is to the Indian Ocean, which extends eastwards from the east coast of Africa, encompassing the rimlands and island territories of the eastern, western and southern Indian Ocean and including the critical trade routes of the Persian Gulf. In interactions at the Track II and Track 1.5 levels, this issue has been repeatedly highlighted to our American interlocutors, who now understand the criticality of the Indian Ocean in terms of future challenges. Unfortunately, since the operational discourse is driven by an East Asia-centric bureaucracy, both in the State Department and the Pentagon, as also because the Indo-Pacific region cuts

⁸ Walter C Ludwig III, “The United States, India, and the Future of Indo – Pacific Strategy, National Bureau of Asian Research, June 20, 2019

across inter-command boundaries, there is little progress in developing common approaches.



Prime Minister Narendra Modi and the President of China Xi Jinping meeting on the sidelines of the SCO Summit 2019 in Bishkek on June 13, 2019.

Secondly, while the US policy documents underscore India's role in the Indo-Pacific, particularly in relation to South East Asia and the Western Pacific Ocean, there is little appreciation of India's core continental and maritime security challenges which have been outlined earlier. For India, the Indian Ocean is a key priority, along with the continental challenges from China and Pakistan, now increasingly acting in collusion. The growing challenge posed by Islamist radicalism and terrorism, the deteriorating situation in Afghanistan (where the US is trying to strike a deal with the Taliban) and Pakistan's continuing support to proxy war are issues on which there is at best limited understanding on the US side. India's security, economic and energy related concerns in West Asia are, similarly, not receiving adequate understanding.

India is getting increasingly caught up in the US-Russia rivalry. The US is raising objections over platforms such as S-400, which are vital for India's security but are seen as potentially compromising American military technologies. In addition, concerns are being expressed on orders of defence equipment being placed on Russia necessary to meet India's operational needs. This trend could potentially become a major sticking point in bilateral relations, resulting in CAATSA sanctions and even curbs on sales of advanced US systems. Indian concerns are two-fold. One, that US unilateral sanctions will impact the serviceability of already inducted systems. Second, a miffed Russia could undermine India's defence preparedness, by denying spare parts or advanced platforms that India desires. Going forward, this conjuncture presents a major strategic dilemma for India in framing the limits and long-term prospects for the India-US strategic partnership.

Tensions over trade issues are also impacting bilateral relations. India's list of grievances against the US include problems encountered by providers of IT services, tariffs imposed by the US on exports of steel and aluminium products and the removal of India from the list of developing countries enjoying preferential access to its markets. US complaints include perceived barriers erected by India to its exports, India's recent measures related to e-commerce and data localisation and its perennial criticism of India's intellectual property laws in relation of pharmaceutical products. At the WTO, the two countries have divergent positions on many issues, including the crisis at the dispute resolution mechanism and WTO reform. In the midst of the healthy growth of bilateral trade, pressures by the US through the withdrawal of GSP benefits for India covering approximately 10% of Indian exports and constant pillorying over trade deficits and high tariffs, as well as the countervailing duties imposed by India, are serious friction points that impact the overall tenor of the relationship.

Conclusions

From the foregoing discourse, the following scenarios emerge for India to deal with the emerging strategic competition:

- India will continue to be seen by China as a regional challenger, which over the medium term could adversely impact China's regional influence. While confrontation with China is not likely, latent tensions will remain in all domains. China's policy of indirect balancing of India will continue. Any breakthrough on the boundary issue appears unlikely in the medium term. Relations with China will require careful tending and management.
- Pakistan will increasingly be leveraged by China to pose multi-domain and frontal challenges. Its emergence as China's economic, military and strategic proxy cannot be overlooked. With US influence over Islamabad declining and the emergence of consensus between China-Russia-Pakistan (and possibly even Iran) over Afghanistan, both conventional and asymmetric challenges are likely to grow for India. Emergence of an ISIS footprint in Jammu and Kashmir should be a matter of great concern.
- Relations with Russia remain relevant to India, both from the point of view of regional balancing in the continental domain, in particular the China-Pakistan nexus and India's interests in Central Asia and Afghanistan. They are also central to India's operational needs and defence capability enhancement in the medium term.
- The strengthening of India-US relations on their own merits, and with other Indo-Pacific partners like Japan, Australia, Indonesia and Vietnam, will be central to dealing with exigencies of the emerging great power competition.
- It is critical, however, to shape India-US relations based on mutual understanding of common challenges, objectives and expectations, covering the entire spectrum of political, economic, security and defence relations. Both sides have invested in these relations over the past two decades. They must together tackle the emerging scenario of intensified geopolitical contestation, which will impose new burdens and pressures to maintain a positive trajectory.
- It is important that irritants in India-US relations are addressed at the highest political level and misperceptions are not allowed to derail the relationship. The US needs to accept the centrality of the Indian Ocean for India and its need for a more nuanced policy of regional balancing, given the criticality of continental challenges to India. This perspective

is well understood within the US Think Tank community but has not gained enough traction with policy makers.

- On the issue of US unilateral coercive measures or sanctions, whereas India realises that these are sovereign decisions dictated by US national interests, it is equally important that their impact on the interests of a key strategic partner is taken into cognizance by the US. A mechanism should be put in place both for early warning and to deal with their impact and consequences.
- Translating converging interests into credible partnership requires a greater degree of consultation and trust. Levels of India-US interaction both at bureaucratic and operational levels have to be enhanced for both sides to develop more seamless habits of cooperation.
- Defence technology and capability enhancement will remain a central element of India-US relations. Recent actions by both the governments have no doubt helped lower the barriers, but what is required now is to jointly develop a long term strategic partnership plan that will include weapons procurement, technology transfer and the setting up of defence manufacturing facilities in India.
- The time has come for India and the US to initiate discussion on the sale, lease or technology transfer of strategic assets, for instance nuclear powered submarines. This will be a great leap forward in pushing the relationship to higher levels of strategic significance.



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