



THE TIGER AND THE DRAGON

India as a Counterbalance to China in the Indo-Pacific



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September 4, 2018



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To the extent that China has both actively and passively challenged international norms and sovereignty claims in its neighborhood, it represents one of the most real and persistent challenges to the status quo in the region. As the most recent US National Security Strategy enunciates, the Pacific Rim is not the only area of importance within Asia; rather, the strategy encompasses the entire Indo-Pacific region. The areas linking the Pacific Ocean to the Indian Ocean—including the South China Sea, Malacca Straits, and Andaman and Nicobar Islands—are of vital strategic importance to all the major regional players, as more than a quarter of all global trade and energy transportation passes through these waterways. The United States, China, and India are all beholden to each other to the extent that each exerts a distinct influence over these routes. For this reason, China’s effective annexation of parts on the South China Sea is particularly dangerous. The United States cannot respond to this type of threat unilaterally; and beyond Japan and South Korea, US willingness to come to the defense of its other Asian allies is viewed as questionable. In many ways, India represents a natural counterbalance in a region where China’s strength, leadership, and boldness are increasing. While US strategy does not preclude the peaceful rise of China, the South China Sea sets a dangerous precedent, and cooperation with India may provide an opportunity to discourage this type of behavior in the future. This report provides an analysis of the spaces in which the United States may find success working with India to counterbalance China’s challenge to the status quo—as well as an assessment of the potential hurdles in attempts to do so—both in general and through an examination of specific lessons from the South China Sea.

Background

While US national security policy has only recently shifted toward the Indo-Pacific perspective, China has implemented a Two-Ocean Strategy (双海战略) since 2005 and, by virtue of its geography, is naturally tied to the Indo-Pacific framework. China’s latest maritime strategy emphasized the Indian Ocean as its primary area of interest, a fact that accords with the country’s economic priorities. China’s livelihood rests on the “maritime silk road” and the access that it grants to trade with Europe, Middle Eastern energy, and African resources. The Indian Ocean region is as important to China as is the South China Sea; and with Chinese strategic doctrine shifting toward “safeguarding the security of China’s overseas interests” and “open seas protection,” Beijing can be expected to act accordingly.¹

The situation in the South China Sea serves as an important case study for what can happen when China is left unbalanced. While India was not a direct claimant in this situation, there is much to learn from the episode. China was able to undermine the status quo due in large part to the fact that efforts to establish a binding maritime code of conduct (COC) in the region were too little too late. The South China Sea illustrates

¹ Jonathan D. T. Ward, “The Emerging Geopolitics of the Indian Ocean Region,” *Asia Pacific Bulletin*, no. 386 (June 28, 2017).

the importance of first-mover advantage when considering the Indo-Pacific. Generally speaking, both the United States and China have strong deterrence capabilities and low interest in kinetic engagements. These factors created a dynamic in the South China Sea that is likely to appear elsewhere in the Indo-Pacific; once a strong physical presence or territory-linked deterrence is established by one of the major powers, there is very little leverage by which the other may remove the claim. While this dynamic is not new and has worked to the advantage of US allies in disputes surrounding Senkaku and Taiwan, the South China Sea issues were a sobering role reversal for US policy makers.

Falling back on institutions of international law—notably the United Nations Convention on the Law of the Sea (UNCLOS)—did to some extent serve the purpose of delegitimizing China’s claims, but this benefit was overshadowed when the Philippines agreed to treat the Scarborough Shoal issue bilaterally (effectively letting China off the hook) rather than sticking to the international body’s ruling. This is a prime example of the importance of building diplomatic ties to influence security realities and is an area where India’s participation could lend more strength than any of the Southeast Asian states could. A future Indo-Pacific COC concerning movement and interaction of military and civilian assets might be more effective in the Indian Ocean if it has the weight of India behind it. The weakness of the preexisting framework in Southeast Asia allowed China to deal with the Philippines in isolation and to neutralize the Association of Southeast Asian Nations (ASEAN) as an organization by exerting economic influence over individual members like Cambodia and Laos.

At the heart of China’s national strategy is the ambitious Belt and Road Initiative (BRI). The BRI encompasses a wide swath of infrastructure investment projects across all parts of Asia and beyond and includes maritime trade routes through the Indian Ocean, stretching as far as Africa and Europe. While touted as an infrastructure program, a majority of BRI projects are actually predatory loans granted to smaller countries as a means of exerting economic and political influence when loans cannot be paid back. These loans have proven a particularly effective tool in regions such as Africa and parts of South Asia that are hard-pressed to find other sources of capital.

Certain portions of the BRI infringe on India’s sense of security. China is aggressively pursuing the China–Pakistan Economic Corridor (CPEC) to connect through disputed Kashmir regions, into Pakistan, and out to the Arabian Sea. Meanwhile, on India’s other side, China has attempted to exert leverage over Sri Lanka through aggressive loans and port calls. Between these projects and myriad new investment projects in Africa, China has extended its grasp much closer to home for Indians, who refuse to join the BRI and who look on with suspicion toward the new naval base in Djibouti. From the Chinese perspective, the base in Djibouti serves

the double purpose of providing security for its ever-increasing investments in unstable African states while also constituting a step toward Chinese aspirations of having a blue-water navy.²

The rise of Indo-Pacific strategy in US policy reflects the reality that Asia is not only important as a continent, but the waterways surrounding Asia and the connectivity between the Pacific and Indian Oceans and Africa are increasingly important for American interests as well as those of China, India, ASEAN, and Japan. American economic and security interests are integrally connected with Indo-Pacific security, so as China rises, it is in our interest to find and improve the means of balancing Beijing. The ability for the United States to project influence in Asia and balance China's rise unilaterally is becoming less economically sustainable and less palatable politically. Demographic and economic realities in the United States coupled with an American electorate that demonstrated a skepticism of traditional multilateral engagement in Asia through its unwillingness to vote for candidates in support of the Trans-Pacific Partnership mean that Washington will need strong regional partnerships in order to balance a rising China.

India's Role in Counterbalancing

India presents itself as a natural counterbalance to China for several reasons and is positioned uniquely to play this role. As the only major economy poised to outpace China's economic and demographic growth and having relatively low levels of government debt compared to the United States and China, India is more capable than its neighbors of playing a sustained balancing role in Asia. India is positioned amid China's BRI, and the Indian Ocean is central to several of China's essential trade and investment routes. Thus, there are areas in which India holds geographical leverage that the United States does not. Unlike other influential regional players like Russia and Saudi Arabia, India is an attractive and realistic partner for Washington in balancing China, because India's liberal democratic values create an alignment of interests (in areas such as counterpiracy, counterterrorism, maritime domain awareness, and humanitarian assistance / disaster relief) as well as bureaucratic similarities (such as the coordination between the military and civilian ministries).³

In addition to utilizing commonalities with India, US Indo-Pacific policy should highlight divergences in capabilities and work to maximize the United States' ability to share the burden of regional stability with India and other partners through specialization. For example, India's foreign policy and military priorities have largely focused toward the south and west, including Central Asia, the Arabian Sea, and Africa, with the Pacific front being of second priority. This is a sphere in which US resources and attention have been less focused but

² These aspirations are outlined in a white paper entitled *China's Military Strategy* (Beijing: Ministry of National Defense of the People's Republic of China, May 2015).

³ Nilanthi Samarayanake, Satu Limaye, Dmitry Gorenburg, Catherine Lea, Thomas A. Bowditch, *U.S.-India Security Burden Sharing? The Potential for Coordinated Capacity-Building in the Indian Ocean* (Arlington, VA: CNA, April 2013), https://www.cna.org/cna_files/pdf/drm-2012-u-001121-final2.pdf.

which looks to be a major focus for China, both under the BRI and militarily—with contentious port calls in Colombo and the construction of the new People’s Liberation Army Navy (PLAN) base in Djibouti. India’s ability (or intention) to field carrier groups in the Bay of Bengal and Arabian Sea regions, as well as its diplomatic clout with South Asian neighbors, can contribute directly toward freedom of navigation and maintaining a rules-based order in ways that the United States cannot do alone. Because India is not reliant on US aid or partnership in the way that many other Asian actors are, the United States will need to find overlapping strategic goals, even in areas where Delhi and Washington do not have overlapping capabilities.

While India, through size and nuclear capability, represents a potential military counterbalance to China, there have been a number of roadblocks in working with India’s military, and these will need to be ameliorated. Three factors, in particular, will remain sources of tension in any US effort to work with Delhi.

First, India’s top security priority is Pakistan, and this will be the case for the foreseeable future. This is a core, nonpolitical, nonnegotiable security interest of India. While the United States–Pakistan relationship is far from cozy, as long as Pakistan is seen as integral to the fight against al-Qaeda (in addition to being a nuclear power and a lucrative arms market), Washington will remain unable to keep a distance from Islamabad with which India is comfortable. This tension has manifested itself in very visible ways—for example, much of the Indian reluctance to sign the Communications Compatibility and Security Agreement (COMCASA) came from an Indian fear that the agreement could risk revealing the locations of Indian military assets to Pakistan. While this may be a somewhat intractable issue, Washington should be mindful not to exacerbate the situation by increasing arms sales or making other highly visible overtures to Pakistan. Here again, the psychological and diplomatic game is at least as important as the material involved.

Second, as a weapons supplier to India, the United States is outmatched only by Russia. The US perspective in this situation parallels India’s concerns about Pakistan in that any technology shared with India risks falling into Russian hands. While much of India’s security infrastructure is in dire need of upgrading, the concern about Russian intelligence will always present a roadblock to the sharing of military technology with India. The US and Indian militaries have historically faced interoperability challenges, an issue closely tied to that of technology security. Indian reluctance to sign American military cooperation initiatives—such as the Logistics Support Agreement (LSA), the Communication Interoperability and Security Memorandum of Agreement (CISMOA), and the Basic Exchange and Cooperation Agreement (BECA)—has led US policy makers to limit the level of defense technology they are willing to share. Regardless of the validity of concerns over Russian intelligence, the United States will need to make use of means other than military technology and equipment sharing in order to make the most of India’s ability to counterbalance China’s weight in the region.

Finally, no matter how much the United States has in common with India in terms of values and institutions, India’s doctrine of strategic autonomy will prevent the relationship from ever becoming a true

alliance. India has made efforts not to estrange China, and several Indian states are rapidly expanding economic ties with their counterparts across the Himalayas through the India-China Forum of State/Provincial Leaders and other visits between state-level officials.⁴ While Narendra Modi, the prime minister of India, has shown a willingness to stand up to China where his country's own core interests are concerned (seen recently in the Doklam Plateau confrontation), India has often been less ready to jump into agreements with the United States that could unduly strain relations with China.⁵ While this does not preclude strategic competition with China, it does make the possibility of bilateral military agreements with the United States fairly sensitive.

This sensitivity highlights the importance of isolating areas in which India has existing friction in relations with China. In addition to Pakistan, the recent clashes over the Doklam border; riparian issues pertaining to the Brahmaputra River Basin; and perceived encirclement through BRI investment, port calls in the Indian Ocean, and the naval base in Djibouti are all issues in which US policy should either offer assistance or simply avoid being seen as inhibiting India's ability or authority to defend its own interests. India's strategic autonomy means that the United States is somewhat bound to India's interests when looking for potential areas of cooperation in counterbalancing China. Specifically, such areas include investment and interconnectivity, regional cooperation through India's Act East policy, and (as illustrated below through examination of the South China Sea) the establishment of a strong multilateral maritime COC in the Indian Ocean.

The upside of India's nonalignment strategy is that smaller regional actors may be less wary of working with India because they don't view such partnership as a diplomatic commitment to one camp or another. Fortunately, India was vocal in its support for freedom of navigation during the South China Sea disputes, and Delhi's willingness to support Vietnam's claims to disputed South China Sea territory indicates that there is potential in setting up clear, multilateral frameworks for other key ambiguous areas in the Indo-Pacific. The more gray area there is, the more room there is for China to push its own agenda, with the onus on others to push back.

For the United States, supporting India in creating a strong and clear COC in the Indian Ocean (similar to the framework COC between China and ASEAN in the South China Sea but ideally legally binding) would be a tangible step toward preempting any destabilizing actions in the region by China. In the arbitration of maritime disputes with Myanmar and India, Bangladesh has been able to negotiate somewhat amicably. The arbitrations relied on the International Tribunal for the Law of the Sea (ITLOS) and the Permanent Court of

⁴ Tridivesh Singh Maini, "Eastern India's Embrace of China," *Diplomat*, January 20, 2018.

⁵ Nilanthi Samarayanake, Catherine Lea, Dmitry Gorenburg, *Improving U.S.-India HA/DR Coordination in the Indian Ocean* (Arlington, VA: CNA, July 2014), https://www.cna.org/cna_files/pdf/drm-2013-u-004941-final2.pdf. After Beijing's opposition to the 2007 Malabar exercises, India took a ten-year hiatus from joint exercises with the United States in the Bay of Bengal. The fact that 2017 Malabar returned to the bay may signal an opening.

Arbitration (PCA), respectively, but a less piecemeal and more comprehensive COC, with buy in from a wide range of regional players like Maldives, Sri-Lanka, and ASEAN, will be necessary to give such an agreement the strength it needs to withstand a challenge from China. Such a COC would establish a set of rules-based norms, engender trust and cooperation, ensure freedom of navigation, and set clear guidelines for arbitration in the case of any international disputes. While COC frameworks were created in the South China Sea, nothing was formalized, and notably nothing was ever made legally binding. India may be more amenable to establish a legally binding COC for the maritime spaces surrounding South Asia; and if so, this would be a boon for security and rule of law in the Indo-Pacific.

Any efforts by the United States and India will be bolstered to the extent that they support or are supported by regional frameworks. In light of the standoff with China in Doklam last summer, Delhi has been looking to strengthen subregional institutions like the Bangladesh-Bhutan-India-Nepal (BBIN) Initiative, the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC), and the Mekong-Ganga Cooperation (MGC) in accordance with Prime Minister Modi's Neighborhood First policy. While the United States' ability to contribute directly to these subregional efforts may be limited, one crucial avenue for strengthening India's ability to counter China in South Asia and the Indian Ocean is through investment and support for regional interconnectivity.

Delhi has announced several infrastructure initiatives with ASEAN countries to provide the dual benefits of giving India land access to the east while bolstering Southeast Asia's connectivity with and economic stake in India. The trilateral highway project to connect India's Northeast with Myanmar and Thailand, the Delhi-Hanoi Rail Link, and the Kaladan Multi-modal Transit Transport Project in Myanmar are all efforts in this vein; however, each has met with logistical or economic setbacks. India's ability to follow through with investment initiatives is currently unable to keep up with the pace of its Chinese counterpart, and this is a space in which US economic aid can directly help build an Indo-friendly regional framework to support India's ability to counterbalance China. Japan has already begun to take advantage of this opportunity by extending \$350 million in loans to the renovation of highways 40 and 54 in India's Northeast, and the United States stands to receive a higher return on its dollar in the Indo-Pacific by supporting India-based regional connectivity than by simply investing in military trade and interoperability.⁶

Conclusions and Recommendations

In light of developments in the strategies of both the United States and China, as well as India's perspectives on regional security, the following recommendations are made:

⁶ K. Yhome, "India's Evolving Subregional Strategy," *Asia Pacific Bulletin*, no. 403 (November 1, 2017).

- **Defense:** Work with India and the other states within South and Southeast Asia to create an internationally recognized maritime code of conduct for the Indian Ocean. This should be done as early as possible. China's ability to unilaterally assert its will in the South China Sea demonstrated the importance of establishing a strong and clear, multilateral code of conduct for the Indian Ocean before any issues arise (rather than waiting and responding). Such an agreement in the Indian Ocean would be more effective than in the South China Sea because of India's economic and military weight and because China has less leverage over many of the actors involved.
- **Economics:** Support Indian-led initiatives for regional connectivity. China's BRI is quickly winning over the hearts and pocketbooks of much of developing Asia. While Delhi has also made numerous plans to increase infrastructure investment across Asia, it lacks the resources to follow through with these plans. US funding and logistical support can help turn these Indian aspirations into a viable alternative to Chinese loans for some parts of the continent.
- **Diplomacy:** In light of the importance of Pakistan in the fight against Afghan militants, as well as concerns over Russian access to US military technology, the United States will need to accept that sharing equipment and technology will not be the primary vehicle for strengthening India's ability to counterbalance China. That said, any distance the United States can create from Pakistan (particularly by reducing arms sales) will go a long way to increase American political capital with Indian decision makers. Efforts should focus on cooperation with India in areas of mutual benefit and shared values such as counterpiracy, counterterrorism, maritime domain awareness, and humanitarian assistance and disaster relief.

