

China-India Brief

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Guest Column

China-India Relations: De-Americanisation Is Underway

By Li Li

An Emerging Thaw

The Kazan Summit in October 2024 between Chinese President Xi Jinping and Indian Prime Minister Narendra Modi marked a thaw between the two Asian giants after a four-and-a-half-year border standoff. Following the Summit, China agreed to reopen its border to Indian pilgrims to visit Mount Kailash/Gang Renpoche and Lake Manasarovar/Mapam Yun Tso in China's Tibet


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CENTRE ON ASIA
AND GLOBALISATION

The *China-India Brief* is a bi-monthly digest focusing on the relationship between Asia's two biggest powers. The Brief provides readers with a key summary of current news articles, reports, analyses, commentaries, and journal articles published in English on the China-India relationship. It features a Guest Column weighing in on key current issues in China-India relations.

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Autonomous Region. The rapprochement accelerated in August 2025, when Chinese Foreign Minister Wang Yi officially visited New Delhi. Meeting Indian National Security Advisor Ajit Doval and External Affairs Minister Subrahmanyam Jaishankar, he secured a broader consensus with India on concrete measures to improve the bilateral relationship.

On the border, both sides agreed on several new steps: establishing new mechanisms to explore Early Harvest outcomes in boundary delimitation and strengthening border management; creating General-Level Mechanisms in the Eastern and Middle Sectors alongside the existing one in the Western Sector; re-opening the border trade; and exchanging views on **trans-border rivers cooperation**, among others. Beyond the boundary issue, they committed to **resuming** various dialogue mechanisms, facilitating trade and investment flows, expanding people-to-people exchange, and improving coordination on major global and regional issues.

Modi's visit to China in late August 2025 reinforced the emerging thaw. During the Xi-Modi meeting, both leaders reaffirmed that China and India are partners rather than rivals, a message echoed in India's renewed engagement in the Shanghai Cooperation Organization (SCO). The resumption of direct flights in October 2025 added further momentum. As political tensions ease, prospects for deeper economic cooperation are widening, with firms on both countries actively

exploring the new opportunities for commercial partnership.

The Past Americanisation of China-India Relations

An emerging paradigm of “de-Americanisation” now shapes the trajectory of China-India ties. Since the end of the Cold War, the US has been a defining external factor in the bilateral relations, a dynamic can be described as “Americanisation.” This influence unfolded in two distinct phases, each shaped by different US roles, which in turn produced markedly different effects on China-India engagement.

In the unipolar moment of the 1990s and 2000s, China and India shared an interest in countering the US unipolarity and advancing a multipolar world, even though India and US reached a nuclear deal in 2005. These goals underpinned a period of bilateral cooperation. Both sides made significant progress on the border issue, reflected in the 1993 and 1996 Confidence-Building Measures (CBMs) agreements, the establishment of the Special Representatives mechanism in 2003, and an agreement on the political parameters and guiding principles for border settlement in 2005. During the 2000s, both countries even committed to establishing a strategic and cooperative partnership. By 2008, China had overtaken the US as India's largest trading partner. On the multilateral front, they collaborated with Russia, Brazil, and later South Africa to create the BRICS grouping and institutionalised Russia-India-China (RIC) trilateral dialogue. The main

purposes of the BRICS and RIC were considered to be “countering” against the US unipolarity.

China’s emergence as the world’s second-largest economy in 2010 contributed to a trend toward a more bipolar international system. The US gradually shifted its strategic focus from counter-terrorism to balancing China: the Obama administration pursued a Pivot to Asia strategy, the Trump administration launched an Indo-Pacific strategy, and the Biden administration implemented “extreme competition” against China. In this context, the US viewed India as a “lynchpin” partner and strengthened its strategic outreach and support to India in order to help India become a competent counterbalance to China. India also found greater common ground with the US in promoting a multipolar Asia to **prevent Chinese dominance in the region**. Seizing the intensified US-China competition as a **strategic opportunity**, India proactively embraced the Indo-Pacific framework and deepened its strategic cooperation with the US across multiple fronts.

Due to the complexity of China’s geopolitical surroundings, India has never been its strategic focus. In contrast, China is often perceived by India as a major security threat. This asymmetry in threat perceptions, with China being relatively more optimistic about its ties with India, has shaped the bilateral interactions. The deepening Indo-US strategic alignment has, however, altered China’s assessment. The US’s Indo-Pacific strategy, which positioned

China as the rival and India as a partner, extends the US security challenges to China from the Asia-Pacific to the Bay of Bengal and the Indian subcontinent. It leaves China with a two-front threat from the east and the west. Put differently, China viewed India’s military build-up in the border areas primarily through a bilateral lens, confident in managing potential difficulties. However, the strong presence of China and India in the US Indo-Pacific strategy compels China to evaluate the extent to which US support could embolden India to take greater risks along the border, and whether India’s actions might be coordinated with US moves in critical flashpoints like Taiwan Street or the South China Sea.

Consequently, Beijing views New Delhi as an incremental security concern. The 2017 and 2020 border standoffs between China and India should be interpreted against this backdrop.

The Age of De-Americanisation

The emerging de-Americanisation of China-India relations reflects a waning inclination in both countries to frame their ties through US influence. Trump’s second term marked a main driver of this shift. A series of adjustments under his second presidency have consolidated his authority and removed many domestic constraints. This enabled the Trump administration and the broader “Make America Great Again” (MAGA) movement to materialise the “America First” doctrine. US foreign policy has consequently tilted toward unilateralism, protectionism and transactionalism.

For India, the unreliability of the Trump administration became apparent when Washington abruptly imposed a 50 percent tariff on Indian goods in August 2025. At the same time, the US Indo-Pacific strategy appears to be giving way to tariff wars and Trump's renewed focus on homeland security and the Western Hemisphere. Faced with incrementally unpredictable US policies toward allies and partners, India **recognises** that the Indo-US strategic relationship could no longer be taken for granted. This prompts New Delhi to recalibrate its foreign policy, including its approach to China. Should India edge back to a posture resembling non-alignment, and China's two-front challenge eases accordingly, China's concerns about closer India-US ties will naturally diminish.

De-Americanisation in China-India relations will ease both countries out of the China-US-India triangle and create greater space to pursue areas of practical cooperation. Priorities include sustaining durable peace and stability along the border, realising the potential of bilateral economic cooperation, and maintaining growth momentum in a de-globalised world. Beyond bilateral concerns, the two countries could work together to promote peace and development in Asia, especially in their shared neighbourhood, while strengthening global governance and advancing multilateralism amid increasing global fragmentation.

While the de-Americanisation is underway,

challenges in China-India relations persist. First, an established geopolitical mindset continues to shape expectations. When Trump's "Liberation Day" tariff on India remained modest in April, India was relatively optimistic and referred to the ongoing tariff war as a **"lifetime opportunity."** Indian Minister of Commerce and Industry Piyush Goyal indicated a preference to work **with the developed world instead of China** on international trade. This is also reflected in a popular view on both sides arguing that the current thaw may prove short-lived, with India potentially recalibrating toward Washington once Trump 2.0 concludes. Second, the mutual trust deficit remains substantial. It is a structural problem that predates recent India-US friction, which will require sustained political investment to address. Third, the competition between China and India extends beyond the border issue. As the world's largest emerging economies, they are more likely to compete in multiple domains. Managing such competition will be demanding.

Despite ongoing challenges and uncertainties, the trend of de-Americanisation is set to continue offering more new opportunities for China-India relations.

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China-India Economic Relations: Exploring New Pathways

By Amitendu Palit

China and India have embarked on a new chapter in mutual engagement. This follows the Indian Prime Minister Narendra Modi's **visit to China** to attend the Shanghai Cooperation Summit (SCO) summit in Beijing during August 31-September 1, 2025. Coming after seven years, the visit has set in motion a fresh round of bilateral re-engagement.

Resumption of tourism, flights, visas and cultural exchanges should gradually reduce the bilateral trust deficit and pave the way for greater economic cooperation. Moreover, China and India must prioritise sustained bilateral engagement as a long-term strategic imperative. Both sides must guard against letting disruptive global conditions, notably great power rivalry, shifting supply chains, and rising economic protectionism, derail bilateral cooperation.

The Context and Urgency to Diversify from the US Market

Washington's use of tariffs to narrow its trade deficits has resulted in high US duties on both China and India. After several rounds of tit-for-tat protectionist measures, US and China have declared a temporary truce following the **Trump-Xi meeting** at the APEC Summit in South Korea.

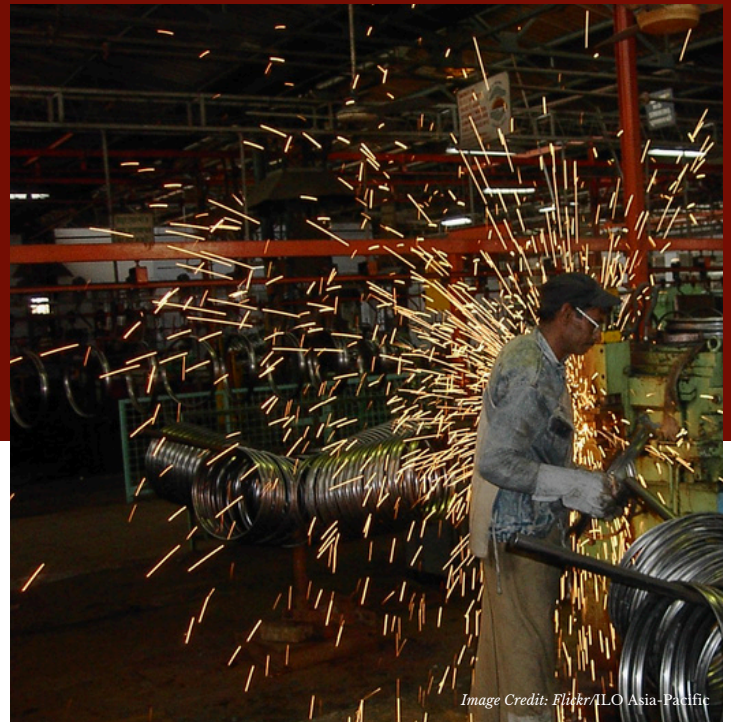


Image Credit: Flickr/LO Asia-Pacific

Nonetheless, tensions continue to cloud the US-China trade relations, driven by their geoeconomic rivalry over global markets, rare earths, and strategic supply chains. Such tensions are set to endure for the foreseeable future.

India's strategic ties with the US have been disrupted by the tariffs, even as both sides work toward a trade deal. India is subject to two types of tariffs: reciprocal, country-specific duties and an additional tariff tied to its purchase of Russian oil. The tariffs have constrained the prospects of some major export-intensive industries of India, such as textiles and leather. Even if India and the US might reach a **trade deal** soon, the Trump Administration's inclination to impose trade restrictions on allies and strategic partners leaves India cautious about the reliability of US trade policy.

The US is the largest export market for both **China** and India. Its incremental use of tariffs to leverage market access and extract concessions has become a major concern for

both countries. Beijing and New Delhi must explore ways to reduce dependence on the US market, recognising the importance of each other as major economic partners.

Economic Imbalance, Trade & Investment: The Indian Perspective

Efforts to explore bilateral economic synergies for reducing the dependence on the US market require taking a closer look at the existing imbalance in China-India trade relations. This has been a longstanding concern for India. It is important for India to work with China to prevent the trade imbalance from affecting greater economic collaboration.

India runs a significant trade deficit with China, which reached **nearly \$100 billion in FY 2024-25**—more than double the \$44 billion recorded in FY 2020-21. Political relations between the two countries have remained frosty since 2020, following a **military conflict** on their disputed border.

The persistent growth of the deficit over this period highlights India's structural dependence on Chinese imports. These include **raw materials, intermediate and capital goods** used for producing pharmaceuticals, automobiles and smartphones. India also imports large amounts of machinery, electronic products, steel, solar panels, batteries and chemical fertilisers from China. Even with government support through the **Production-Linked-Incentive (PLI) scheme**, local production capacities in these sectors remain inadequate.

To reduce its structural reliance on Chinese imports, India needs a major expansion of domestic capacity in import-intensive sectors. Achieving this will require both large-scale domestic and foreign investments. In particular, allowing Chinese firms to invest in local production could help reduce reliance on imports and narrow the trade deficit over time.

India has tightened screening of Chinese investments since its relations with Beijing deteriorated in 2020. Sectors such as solar modules, telecommunication equipment, information technology hardware and advanced batteries are particularly security-sensitive. While security concerns remain important, India must balance them with **economic interests** when considering welcoming Chinese investment in these areas.

Exploring Pathways Beyond the Bilateral Space: Engaging the Global South

A serious reset in Sino-Indian relations requires a mutually beneficial economic relationship. This partnership should extend beyond the prism of bilateral trade and investments, focusing on areas where both countries can drive economic growth and the welfare of other countries, especially in the Global South, while securing their own economic progress.

A notable area in this regard is environmental sustainability. China accounts for the world's largest **carbon emissions**, followed by the US and India. Both countries are aiming to reach net zero emissions—China by 2060, and India by 2070.

This requires large-scale industrial transformations, including the widespread adoption of renewables and sustainable practices in domestic enterprises, particularly export-oriented ones. The greatest challenge is access to affordable finance for these transitions, an obstacle shared by many Global South countries.

Given their institutional capacities and well-developed financial markets, China and India could become global hubs for affordable climate finance. This would require leveraging frameworks such as **BRICS** and accelerating initiatives at the New Development Bank (**NDB**) and the Asian Infrastructure Investment Bank (**AIIB**). Beyond climate finance, both countries can develop regulatory templates for carbon trading to promote wider adoption across the Global South.

China and India can pursue other mutually beneficial opportunities, with potential benefits for the Global South. One is increasing bilateral trade invoicing in respective national currencies to reduce reliance on the US dollar amid its sustained appreciation. Greater use of the CNY and INR in settling bilateral trade will encourage wider adoption in other Southeast and South Asian partners. This shift will also pave the way for interoperability between the e-CNY and the e-INR as both countries roll out sovereign digital currencies for cross-border retail transactions. Other countries linked to China and India through

digital payment platforms could become wider adopters of both currencies.

Eventually, this will enhance collective benefits for China, India and the partner countries, while establishing China and India as efficient alternatives for global financial transactions.

Conclusion

A purposeful reset of bilateral ties requires China and India to overcome longstanding mistrust. Both must recognise each other as global actors capable of contributing effectively to the development of the Global South. The recognition will enable both countries to engage meaningfully in 21st-century issues such as climate finance and currency cooperation. Such engagement can help address bilateral economic imbalances. China and India must make this engagement a long-term commitment, rather than an ad-hoc response to immediate global uncertainties.

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News Reports

Bilateral Relations

China denies harassing Indian woman born in disputed border region over ‘invalid’ passport

South China Morning Post, November 25

Beijing has rejected claims that Chinese authorities detained and harassed an Indian national born in a disputed border region, after the traveller alleged that she was held for more than 18 hours while transiting through Shanghai.

Indo Tibetan border police to set up 10 all-women border posts along India-China LAC

Hindustan Times, November 23

The ITBP said that it is setting up 10 all-women border posts along the LAC between India and China.

India inaugurates new military airbase close to China border, source says

Reuters, November 13

India’s air force chief conducted the first landing of a military transport plane at a new fighter-capable airbase near the disputed Himalayan border with China, a defence official said.

Ramping up security: India starts blocking use of China-linked satellites by homegrown broadcasters

Times of India, November 6

India has begun limiting the use of satellites associated with Chinese entities for domestic broadcasters and teleport operators, part of broader security measures against its northern neighbour amid geopolitical tensions.

China and India in the Region

US report says China used India-Pak hostilities as a live weapons trial

The New Indian Express, November 22

A report by the US-China Economic and Security Review Commission notes that Beijing “opportunistically” treated the May India-Pakistan clash as a testing ground for new weapons and intelligence systems.

US Sanctions Firms From China to India Over Iranian Weapons

Bloomberg, November 13

US sanctions numerous companies and individuals aiding Iran’s ballistic missile and drone production sector in countries, including China and India, as part of the Trump administration’s “maximum pressure” strategy toward Tehran.

India ramps up support after Afghan quake, vying with China for influence

Straits Times, November 4

India is increasing aid to Taliban-led Afghanistan and presenting itself as the region’s “first responder” following the Nov 3 earthquake, aiming to counter China’s push to fill the gap left by Western nations.

Pakistan eyes 2026 launch for first Chinese submarine in \$6.5 billion arms deal

Straits Times, November 3

The Pakistan navy expects its first Chinese-designed submarine to enter active service in 2026, the country’s top admiral told the Chinese state media, bolstering Beijing’s bid to counter regional rival India and project power towards the Middle East.

Trade and Economy

Micro-dramas make a leap from China to India, fueling a new content race

CNBC, November 20

India's entertainment platforms are racing to localise and scale China-style micro-dramas as the format becomes the country's fastest-growing phone-first content market.

Exclusive: Air India lobbies to use airspace over China's Xinjiang as financial woes mount

Reuters, November 20

Air India is lobbying the Indian government to persuade China to allow use of a restricted military airspace in Xinjiang to shorten routes, as costs rise from Pakistan's overflight ban, according to a company document.

Indian seafood exporters gain on report of China suspending Japanese imports

Reuters, November 19

Indian seafood exports jumped up to 11% after reports that China informed Japan of plans to suspend imports, potentially redirecting demand to suppliers like India, offering relief amid high US tariffs.

Inside Toyota, Suzuki, Honda plans to 'Make in India', in pivot away from China

Hindustan Times, November 5

Japan's leading automakers like Toyota, Honda, and Suzuki plan billions in Indian investments, signalling a strategic shift away from China.

Energy and Environment

At Cop30, India and China align on climate as ties thaw

South China Morning Post, November 23

The recent thaw between China and India coincides with renewed trade in green-energy components and a more coordinated stance at COP30 on climate finance and fairer rules.

BESS boom - China's battery exports charge to new highs

Reuters, November 18

China's exports of batteries and battery energy storage systems (BESS) reached a record in 2025, rising 24% year-on-year during the first nine months.

China releases white paper on low-carbon development

CGTN, November 8

In a new State Council white paper, China frames its carbon-peaking and neutrality goals as both a responsibility to global civilisation and a core requirement of its own sustainable development, outlining five years of progress and policy approaches.

India's clean-industry pipeline hampered by financing, regulatory delays, report says

Economic Times, November 4

India's push for a clean industrial transition stalls, with 53 projects underway but none finalised this year, hindered by outdated rules, costly finance, and weak demand. This raising the risk of missed opportunities as China dominates global clean-industry investment.

Analyses

India: Leaning to One Side (Cautiously)

Belfer Center, November 20

By C. Raja Mohan, Visiting Research Professor at the Institute of South Asian Studies (ISAS)

India seeks to expand its global role while managing the tension between its rising national capabilities and its internal developmental constraints, pursuing a cautious great-power balancing strategy amid US–China rivalry, volatile American policy, and a shifting international order marked by competing visions of nationalism and liberalism.

China and India Are Trapped in a Loop

Foreign Policy, November 18

By Tansen Sen, History Professor and the Director of the Center for Global Asia at New York University Shanghai

India–China relations remain locked in a recurring cycle of tentative engagement and renewed confrontation rooted in the unresolved border dispute and deep strategic mistrust, a loop that can only be broken through bold, confidence-building steps and potentially reimagined negotiation mechanisms.

The SCO still plays a key role in China–India relations

East Asia Forum, November 15

By Ivan Lidarev, Visiting Research Fellow at the Institute of South Asian Studies (ISAS)

The SCO functions as a key instrument in China–India relations, serving both as a confidence-building mechanism to reduce mistrust and a constraint on each side's foreign policy, with potential to enhance economic cooperation.

Ports and Geopolitics: The Case of Sino-Indian Rivalry in the Bay of Bengal

Observer Research Foundation, November 4

By Sohini Bose, Associate Fellow at the Observer Research Foundation

Sino-Indian rivalry in the Bay of Bengal is increasingly shaped by competing port-development initiatives, as both powers leverage maritime infrastructure to secure trade routes, energy flows, and regional influence.

India courts the Taliban — but has China taken the lead?

ThinkChina, November 4

By Rishi Gupta, Visiting Fellow at Asian Institute of Diplomacy and International Affairs, Kathmandu

India's cautious engagement with the Taliban aims to counter Pakistan's influence and maintain strategic awareness in Kabul, yet China's earlier, more expansive diplomatic and economic outreach positions it as the dominant external actor in Afghanistan.

Why India Consumes as China Constructs: A Tale of Two Growth Trajectories

Observer Research Foundation, November 1

By Nilanjan Ghosh, Vice President - Development Studies at the Observer Research Foundation

India's robust domestic consumption and minimal reliance on exports provide a buffer that helps sustain its economic growth even during external shocks, such as the 2008 financial crisis, the COVID pandemic, or the recent US tariffs. In contrast, China's growth remains far more sensitive to fluctuations in global demand.

Books and Journals

Politics of Sub-regionalism and China's influence in South Asia: Analyzing India's Policy Options

Jadavpur Journal of International Relations, November 2025

By Avipsu Halder, Assistant Professor at Department of Political Science, University of Calcutta, India

India's shift toward sub-regionalism has been driven by its wish to sidestep Pakistan in regional groupings while advancing the Act East Policy. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation and the Bangladesh–Bhutan–India–Nepal framework reflect a positive-sum approach by deepening commercial and economic ties. Although this logic also applies to BCIM, China's involvement and its claims in parts of India's northeast have made New Delhi wary of the initiative's benefits. In addition, the strategic implications of Beijing's Belt and Road Initiative have heightened Indian concerns over growing Chinese influence in South Asia. Seeking to offset China's rise while pursuing advantageous bilateralism, India has extended unilateral concessions and humanitarian support to weaker South Asian economies. Meanwhile, New Delhi's stance toward Beijing has remained



restrained and deliberate. Even as bilateral trade continues, safeguarding territorial sovereignty against potential Chinese incursions has taken precedence. The article therefore argues that India remains a key actor in South Asia, with pragmatism and strategic autonomy forming the pillars of its diplomatic approach.

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OTHER CAG PUBLICATIONS

- *Indira Gandhi and the Years that Transformed India* by Srinath Raghavan (Yale University Press, 2025)
- *Partnership or Polarization? Southeast Asian Security between India and China* edited by Evan Laksmana and Byron Chong (Contemporary Southeast Asia, 2023)
- *Asian Conceptions of International Order: What Asia Wants* edited by Kanti Bajpai and Evan Laksmana (International Affairs, 2023)
- *How Realist Is India's National Security Policy?* edited by Kanti Bajpai (Routledge, 2023)
- *Deterring Conflict and Preserving Peace in Asia* edited by Drew Thompson and Byron Chong (Centre on Asia and Globalisation, 2022)
- *What Can the United States Learn from China about Infrastructure?* by Selina Ho in *The China Questions 2* (Harvard University Press, 2022)
- *India Versus China: Why they are Not Friends* by Kanti Bajpai (Juggernaut Books, 2021)
- *Winning the Fight Taiwan Cannot Afford to Lose* by Drew Thompson (Strategic Forum, 2021)



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