

China-India Brief

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Guest Column

China and India: Turning up the Heat on Russia

By **Rollie Lal**

China and India are key players in the global strategy to contain Russia's aggression. As major sources of oil demand, China and India together have the capability to serve as 'sanctions-busters'. As a result, eyes have focused on their response to international sanctions on Russian energy. While the US and EU initially hoped that China and India would stand with them and end oil purchases from Russia, the response was more languid than anticipated. At first, both countries continued with purchases, undermining existing sanctions against Russia. Then in September this year, both countries engineered a turnaround and began to mount criticism of Vladimir Putin and his militarist policy. This shift in

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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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Chinese and Indian foreign policy reflects geopolitical dynamics that may have long lasting effects.

Until recently, China and India have posed complications for the US and Western strategy of cornering Russia financially. Since the start of the conflict in Ukraine, both countries have been purchasing Russian energy at discounted prices rather than abiding by the sanctions pushed by the US and the EU. Surprisingly, India was not a major destination for Russian oil prior to the conflict. This changed after the rest of the world shunned Russian supply and abundance drove down the price of Russian oil.

To the dismay of the US and EU, China's and India's oil imports counterbalanced most of the loss Russia faced from sanctions. The two countries together accounted for more than **40 percent** of Russia's oil export volumes by August 2022. India and China increased imports of Russia oil by **\$9 billion** in the second quarter compared to the first quarter of 2022. While India's increase in imports was far larger than China's, both countries clearly signalled with their pocketbooks that benefitting from low-priced energy outweighed their responsibilities to take a unified stance against aggression in Ukraine. After the sanctions, while the global price of oil shot upwards to around \$100 per barrel, the sanctioned Russian oil was being sold at a **\$30 per barrel discount**.

As a result of increased sales at the

discounted price and the higher international prices, Russia was able to escape the worst effects of the sanctions. In particular, India rapidly increased its import of a Russian crude known as **Urals** earlier this year and another known as **ESPO** (East Siberia Pacific Ocean) by August of 2022, which may have replaced barrels from the Middle East. China similarly had been buying more Urals and ESPO since March. Since China and India were paying more per barrel from Saudi Arabia and other producers, both countries had incentives to break with the sanctions regime in order to maintain balanced budgets. Relative to other Asian nations, India and China were the bright spot for Russia. **Japan** had ended imports from the country, and South Korea's imports were in decline.

While the EU's energy commissioner has promoted a cartel-like price cap on Russian oil, the policy is **unlikely to succeed** because of the differing interests of so many countries involved. At the same time, if China and India were to end their purchases of Russian oil and **engage in a competition with Europe** for the remaining oil supplied from the Middle East, the price of oil would surge further.

Geopolitics

In the past, the US strategy of sanctions has created resentment with India and China when it was used against Iran. Pressure from the US to end purchases of Iranian oil were ultimately effective against India, while China refused and continued with its

imports. Indian officials felt that they had **made a mistake** by abiding by the sanctions while their rival China benefited. India did not want to find itself in this position again: letting China reap the advantages of cheap Russian oil while India gets the raw end of the deal. In fact, the **loss of Iranian and Venezuelan oil** due to sanctions increased the need to access Russian oil.

In addition, India has long-standing ties with Russia, which is its largest supplier of military equipment. China's trade ties with Russia are even closer. But while Russia was the more powerful country in the past, today China's economic strength makes it the superior partner.

Recent Turnaround

Beijing and New Delhi's willingness to continue supporting Russia, however, may be reaching a turning point. At the recent Shanghai Cooperation Organisation (SCO) summit, President Putin **noted** Xi Jinping's unease over Moscow's handling of the conflict in Ukraine. Similarly, Prime Minister Narendra Modi **said publicly** to Putin that "today's era is not an era of war." Modi emphasized that food security, fuel security, and the fertilizer supply issue were critical. He also **noted**, "Today we will get a chance to discuss how we can move forward on the path of peace."

In the end, the international community plays a strong role in influencing both China and India to move away from Russia.

China would not enjoy playing the pariah as a result of Russia's actions. If the US decides to take a stronger stance on Taiwan because China is taking Russia's side, this would create tensions for China domestically and internationally. At the same time, India has concerns that if it clings too closely to Russia's militarist policy, it could antagonise the US, allowing Pakistan to develop stronger ties with Washington. Both countries have much to lose from being sidelined in the international community. If the war continues to escalate further, neither country wants to support a blatant military aggressor.

Any moves to create further entrenched divisions between China and India and other countries would also lead to an increasingly polarised world. This may ultimately play into Russia's hands, destabilising the US and its relations with major nations. To avoid further destabilisation, both China and India should continue raising the pressure on Russia and consider alternatives to Russian energy. Whether China and India are able to do this will rely heavily on the US and EU's ability to negotiate increased energy supplies from existing producers or those that have been sidelined in the past. Many oil producing countries have authoritarian governments and policies. And yet, the world must continue to purchase energy from them or deal with catastrophically high prices. The new geopolitics of the world will rest largely on how countries deal with these undemocratic and unsavoury states. China

and India will be critical players in deciding the success of global engagement.

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Afghanistan: The new geopolitical arena for China and India

By Raffaello Pantucci

There have been numerous developments in Afghanistan since the Taliban returned to power in August 2021. Amongst the most unexpected was the rapidity with which New Delhi appears to have built up its relationship with new regime. While it was never clear how antagonistic the core Taliban leadership itself was to the Indian government, the fact they hosted numerous militant groups targeting India and were close to Pakistan meant they seemed obvious adversaries. Moreover, given that New Delhi had developed a strong relationship with the Republic government in Kabul, there was an expectation that India's relationship with Afghanistan would go into a deep freeze.

Yet, as things have played out, New Delhi has instead leaned into its relationship with the Taliban. Now going so far as to open an Embassy in Kabul and having senior officials meet with Taliban counterparts. India has sent humanitarian aid and technical support teams, and suggested it might do more. In so doing, India has seemed to emulate the approach taken by China which has been very prominent in its support for the new authorities in Kabul. But the path taken by both has been very different, and the reasons for this engagement are equally different. A question lingering over all of this has been



the degree to which their engagement reflects a desire to try to curtail each other's activity in Afghanistan with the country becoming another point of conflict between the two Asian giants.

The Taliban's desire to court the two Asian giants is clear. From their perspective, any opportunity to try to gain greater support, potential investment and exposure as a legitimate international authority is positive. The Taliban have long made it clear they are happy to work with China on certain issues (mostly around investment)—even during the previous Republic government's time they would speak of protecting Chinese investments. Cooperation on dealing with China's Uyghur concerns seems more mixed, with few in the movement wanting to turn over their former battlefield allies to China.

India is a newer player in this regard, though the Taliban have been quick to grab

at the opportunity. It is not clear how much India has been demanding counter-terrorism support which is being delivered, though presumably this is a part of the conversation. Doubtless there is a part of the Taliban that likes the fact that the growing proximity to New Delhi causes consternation in Islamabad, demonstrating their distance from Pakistan and giving them a sense of strategic depth and control over their destiny.

For New Delhi, it is an obvious play to try to create some options for itself and to try to find ways of insulating itself from potential terrorist problems that might emerge. Engaging the Taliban also plays into regional geopolitics, placing India in a stronger position in a battlefield where its two biggest regional adversaries (China and Pakistan) are strong players. The Indian expert community has articulated the view that a large part of New Delhi's engagement is a product of ensuring China does not end up owning the geopolitical vacuum that might exist in Kabul.

For Beijing, the question seems more narrowly focused on engaging with the Taliban to ensure the country does not become a locus for threats against China (both at home and in the region) and creating its own backstops to Pakistani security guarantees. Where China sees great power conflict, it tends to be more towards the United States (US), with India interpreted as a player that Washington is working through.

Beijing was never quite as agitated by Indian activity in Afghanistan as was sometimes made out. These concerns were largely expressed by Pakistan and sometimes echoed by Beijing. During the tenure of the previous Republic government, the Indian and Chinese governments actually even went so far as to cooperate on diplomatic training programmes of Afghan diplomats—an outcome from the successful summits between Narendra Modi and Xi Jinping in 2018 and 2019.

But as the wider China-India relationship fell apart, in large part due to increasingly aggressive border clashes and the growing proximity between India and the US, this cooperation fell by the wayside. The Republic government in Kabul continued to try to find ways of engaging with both, but this became harder as trust levels fell. It was clear that direct cooperation between New Delhi and Beijing was going to be impossible. Beijing started to agree with Islamabad and mutter about Indian support for terrorist groups using bases in Afghanistan to strike Chinese targets in Pakistan. And in December 2020, Indian intelligence was suspected as being behind information that was given to the National Directorate of Security (NDS) in Kabul about a network of 10 Chinese Ministry of State Security (MSS) agents who had been operating in the country under cover.

It is not clear how this growing confrontation will develop. China and India continue to seem to want to both confront

and appear to engage at the same time. It is likely that we will see some steps towards rapprochement more broadly between New Delhi and Beijing, notwithstanding their deep disagreements. The leaderships are not eager for a full-on open conflict, as reflected by their willingness to both still participate in the Samarkand Shanghai Cooperation Organization (SCO) Summit. It is not clear this limited rapprochement will happen in Afghanistan as well.

From what is discernible in the public domain, the Indian government has for the most part been engaging with the parts of the Taliban government that are linked to the group who used to run the Doha office and those from Kandahar. Mullah Yacoub, the son of the former Taliban leader Mullah Omar and current Defence Minister, gave an interview to the Indian press in June. Prior to that much of India's engagement seems to have been through the Ministry of External Affairs which has been engaging with its counterparts in the Taliban Ministry (mostly men who were involved in the Doha office).

Beijing on the other hand has been engaging with a far wider range of actors but does not seem to be gaining absolute trust from all of them. Where it does seem to be finding more acceptance is amongst the Haqqani faction of the Taliban government in Kabul. While it is clear other parts are eager to engage as well—in particular on economic matters—a certain level of tension lingers. This is in part a

product of over-inflated expectations on the Kabul side, as well as an awareness on the Chinese side of the sheer complexity of any major endeavour in war-scarred Afghanistan.

What both China and India share, however, is a general negative image that could catch on amongst the wider community of committed extremists in Afghanistan. India's BJP government is perceived as being Islamophobic—a topic repeatedly harped on about in extremist literature linked to organisations like al Qaeda or Islamic State Khorasan Province (ISKP). While China's mistreatment of Uyghurs is a topic that ISKP has particularly locked on to as a topic recognising that it is a subject of great sensitivity both amongst the Uyghur contingent in Afghanistan and their supporters, this is also an anger that resonates amongst rank and file Taliban fighters.

China and India are therefore in the awkward position of potentially garnering support from the Taliban authorities but not at a wider level. Implementing their projects on the ground could become highly complicated, and even lead to some sort of internal fractures of fissures within the Taliban movement. The wider chaos that might ensue is more likely to damage Chinese interests than Indian ones[KPBI]. China's direct border and substantial investments in Afghanistan's neighbourhood mean there is a wider range of interests that could be damaged, while

India still has a certain level of insulation provided by geography.

The final aspect to this dynamic is the degree to which China and India will transfer their wider tensions to the Afghanistan, and turn the country into an arena of confrontation. There are two external elements which are likely to play into this—the US and Pakistan. Both powers are close allies of India and China respectively, and have different interests in Afghanistan. The degree to which relations between China and the US or India and Pakistan are going well or badly is likely to influence how Beijing and New Delhi lock horns in Afghanistan. Given that we seem set on a period of geopolitical confrontation, the outlook for positive resolution seems unlikely. There is, sadly, a very high chance of Afghanistan becoming once again a place for geopolitical competition, this time between China and India.

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News Reports

Bilateral relations

Army set to induct kamikaze drones, deploys more 'winterised' howitzers on China front

The Times of India, September 27

The 29-month long standoff with China has seen the Army a wide array of new weapons along the 3,500 km long Line of Actual Control.

China-India relations: Xi Jinping and Narendra Modi continue to keep each other at arm's length

South China Morning Post, September 18

The pair did not hold face-to-face talks at the Shanghai Cooperation Organization summit despite both sides pulling back troops along a disputed border.

Withdrawal from PP 15 one problem less on the border: Jaishankar

The Hindu, September 14

India on Wednesday (September 14) "recognised" that the latest disengagement from the Patrolling Point (PP) 15 in the Gogra-Hot Springs area of eastern Ladakh amounted to "one problem less" along the India-China frontier.

China and India in the Region

In a first, Quad moves to act against cyberattacks coming from China-led axis

Indian Express, September 25

Foreign Ministers of the Quad grouping have come out with a joint "statement on ransomware" — a first of its kind — announcing that they have decided to act against malicious cyber activity against critical infrastructure.

India And China Finally Voicing Concerns Over Russia's Actions In Ukraine

Forbes, September 23

India and China raised concerns about the impact of Russia's ongoing invasion of Ukraine—emphasizing the violation of international law and territorial integrity—at a meeting of the UN Security Council on Thursday (September 22).

China a 'close friend' but India is 'brother' and 'sister': Sri Lanka envoy

Mint, September 20

The envoy described the relationship between the two countries as "special" and said India's security interests are "our own security interests".

China blocks India-US bid to blacklist 26/11 LeT handler at UN

The Indian Express, September 18

Beijing placed a hold on the proposal moved by the US and co-designated by India to blacklist Mir under the 1267 Al-Qaeda Sanctions Committee of the UN Security Council as a global terrorist and subject him to assets freeze, travel ban and arms embargo.

Trade and Economy

Smartphone, semiconductor manufacturers shift from China to India

The Straits Times, September 25

India is fast emerging as a competitive destination for electronics manufacturers exiting China, with the world's largest such manufacturer Foxconn entering a US\$19.5 billion (S\$27.9 billion) joint venture with India's Vedanta Group to make semiconductors in the western state of Gujarat.

Global wealth up 9.8% YoY at \$463.6 trn in 2021; India, China lead the way

Business Standard, September 20

India saw a 12 percent year-on-year (YoY) rise in total household wealth in 2021 to \$14,225 billion

China beats US to re-emerge as India's top trading partner

Mint, September 16

China overtook the US to return as India's largest trade partner with \$11.49 billion worth of goods traded in July, data released by the commerce ministry showed, underscoring the country's growing reliance on its northern neighbour.

Energy and Environment

China, Brazil, India reordering global industrial food chain: Food Barons Report

The Hindu, September 23

The report claims that the 'geographic center of power of the food barons is shifting east'.

China and India among SCO states urging 'balance' in climate approach

The Straits Times, September 16

Leaders of the Shanghai Cooperation Organisation called for a "balance" between reducing carbon emissions and allowing poorer states to catch up with economically developed countries, in a joint statement on climate change adopted on Friday (September 16).

India narrows thermal coal imports gap with top buyer China

Reuters, September 15

India is fast catching up with China in its thermal coal imports, as the world's two biggest overseas buyers of the power generation fuel adjust purchases to align them with the varying trajectories of their economic growth.

Analyses

[China and India weren't critical of Putin's war. Did that change?](#)

The Washington Post, September 26

By Rohan Mukherjee, Assistant Professor, London School of Economics and Political Science

Neither country was inclined to defend a global order that denies their status aspirations, but the war's impact may be forcing a rethink.

[India goes its own way on global geopolitics](#)

Channel News Asia, September 23

By Deepa M Ollapally, Director of the Rising Powers Initiative, Elliott School of International Affairs, George Washington University

Depending on the outcome of the Ukraine war, India's conception of the type of global order that guards its strategic autonomy may have to be reluctantly refined.

[Is India sincere in wanting to accommodate China for an 'Asian Century'?](#)

Global Times, September 22

By Lan Jianxue, Director and Associate Research Fellow, China Institute of International Studies

If the Asian Century is to be truly realized, the obstacles that lie in the way of the improvement of China-India relations will need to be overcome.

[Taiwan is an opportunity for Indian foreign policy](#)

East Asia Forum, September 16

By Narayanan (Hari) Gopalan Lakshmi, Postgraduate Research Scholar, Asia-Pacific Foundation of Canada; and Yves Tiberghien, Professor and Director Emeritus of the Institute of Asian Research, University of British Columbia

It is time for India to stop being too deferential towards Beijing and seize its Taiwan moment by moving quickly on two fronts — trade and people-to-people ties..

Books and Journals

[The Belt and Road Initiative and the Politics of Connectivity: Sino-Indian Rivalry in the 21st Century](#)

Palgrave Macmillan, 2022

Edited by Bhumitra Chakma, Xiudian Dai

This volume analyses New Delhi's reaction to China's Belt and Road Initiative (BRI) and the rise of politics of connectivity and infrastructure building which has heightened Sino-Indian rivalry in South Asia and the Indian Ocean Region (IOR). It can be evidenced that the BRI has transformed the Sino-Indian dynamics from a 'managed rivalry' to an intense geo-political competition. It is contended that competition is inevitable when two powers rise in the same neighbourhood.

The Indian government has opposed the BRI since its inception noting that the 'BRI violates India's sovereignty and territorial

integrity' because one of the flagship BRI projects - the China-Pakistan Economic Corridor (CPEC) - runs through (Pakistan-controlled) Kashmir which India claims to be its own territory. It has consistently maintained that China's 'connectivity initiatives must be based on universally recognized international norms, good governance, rule of law, openness, transparency and equality, and must be pursued in a manner that respects sovereignty and territorial integrity' of other states.

Beyond those stated reservations, New Delhi is concerned about the BRI infrastructure and connectivity projects in the smaller South Asian countries and the Indian Ocean littoral states. India has traditionally viewed South Asia and the IOR as its backyard over which it has historically maintained a position of influence. It is apprehensive that the BRI projects will enhance Beijing's stature and undermine India's influence in the region.

In eleven chapters including Introduction and Conclusion, this book explores the dimensions of the rivalry and analyses the causes, dynamics and implications of an accelerated Sino-Indian competition.

Events

The Shifting Geographies of Expertise and Policymaking

CAG-ICI Joint Conference, September 9-10

On September 9-10, 2022, the Centre on Asia and Globalisation (CAG) of the Lee Kuan Yew School of Public Policy (LKYSPP), National University of Singapore (NUS), along with the India China Institute (ICI), The New School, jointly organised a two-day conference in Singapore on "The Shifting Geographies of Expertise and Policymaking".

The workshop addressed the changing relationships between expertise and policymaking in India, China, and beyond. Participants presented individual papers for feedback and discussion, exploring the contested relationships and shifting contracts between epistemic and political authority at local, national, regional, and global scales.

Among the issues raised, was the increasing reliance on technical expertise for governance, juxtaposed alongside new conceptions of who counts as a relevant expert. The response to the COVID-19 pandemic was noted as perhaps the most vivid of many instances that illuminated the formation of novel epistemic communities and new institutional frameworks and infrastructures for knowledge production for policymaking.

THE CENTRE ON ASIA AND GLOBALISATION

The Centre on Asia and Globalisation is a research centre at the Lee Kuan Yew School of Public Policy, National University of Singapore. It conducts in-depth research on developments in the Asia-Pacific and beyond, and aims to provide academics, decision-makers, and the general public with objective analysis on issues of regional and global significance. The Centre's motto "Objective Research with Impact" reflects its commitment towards ensuring that its analysis informs policy and decision makers in and about Asia.

OTHER CAG PUBLICATIONS

- *What Can the United States Learn from China about Infrastructure?* by Selina Ho in *The China Questions 2* (Harvard University Press, 2022)
- *Failure to launch? Indonesia against China's Grey Zone Tactics* by Evan Laksmana (IDSS Paper No.37)
- *Remodelling Indonesia's Maritime Law Enforcement Architecture: Theoretical and Policy Considerations* by Evan Laksmana (Contemporary Southeast Asia 44(1), 2022)
- *India-Australia-Indonesia Maritime Partnership: Shared Challenges, Compelling Opportunities* by Premesha Saha, Natalie Sambhi, and Evan Laksmana (ORF, 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)
- *Routledge Handbook of China-India Relations* edited by Kanti Bajpai, Selina Ho and Manjari Chatterjee Miller (Routledge, 2020)



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