

China-India Brief

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Guest Column

An Impending Sino-Indian Arms Race in the Indo-Pacific

By Mae Chow

Sino-Indian relations have been deteriorating since the 2020 border clashes in the Himalayas. With tensions escalating, both India and China have taken assertive steps to secure their respective strategic geopolitical and security interests. The race to secure their security interests have led to concerted steps to strengthen their domestic defence capabilities and strategically engage in arms deals as a foreign policy tool to advance their interests in the Indo-Pacific.

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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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cont'd p2

While China has been investing heavily in its domestic arms industry over the past two decades to feed its security interests and desire to be recognised as a great power in the region, India's efforts to do the same has been slow, and only recently begun to gain momentum. India's renewed interest in developing indigenous capabilities, coupled with its expanding arms engagement with Southeast Asian countries suggests a more assertive posture and an intent to pushback against the Chinese. Consequently, this is a warning sign of a looming arms competition between India and China that could potentially undermine the peace and stability of the Indo-Pacific.

Building Domestic Military Capabilities

Enjoying rapid economic growth since the 1990s, China has been able to consistently increase their military budget and dedicate resources towards nurturing their domestic arms industries. Through substantial investments in research and development, acquiring modern technologies, and increasing civil military integration, the Chinese were able to make **bold strides** towards becoming a military powerhouse in the region. Particularly in the last few years, the Chinese armed forces have begun to display their military prowess in the South China Sea— part of what it considers to be its **“friendly backyard.”**

Even though India's domestic defence industrial sector had a slower start than China's, New Delhi's determination to secure its borders and safeguard its security interests grew in response to the increasing

threats along its shared borders with Pakistan and, especially, against an increasingly formidable and assertive China. Facing pressure to upgrade its own military capabilities, India shifted from procuring arms from Russia towards developing its own **“Made-in-India”** strategy to strengthen its own indigenous military capabilities.

After the 2020 border clashes between India and China, both sides sought **to secure their borders** by placing an additional 50,000 to 60,000 troops close to the Line of Actual Control (LAC). Since the start of this year, India has reported that the number of Chinese troops, arms and military infrastructure along the border has continued to increase. In response, India has not only sought out a **“next generation defence partnership”** with the United States to boost its defence capabilities, but has also **proposed** a 13 percent increase in defence spending (INR 5.94 trillion) for the upcoming 2023-2024 financial year to acquire more fighter jets and improve infrastructure along the disputed borders.

Following the heightened tensions and increased militarisation between the two neighbouring rivals, it is likely that both China and India will continue to take more assertive actions to build their domestic military capabilities.

Greater Regional Competition between India and China

The arms race between China and India has already expanded beyond their borders and spilled over into the Indo-Pacific.



Image Credit: pmindia.gov.in

Over the past few years, the Chinese have established themselves as a key defence exporter to the region. Between **2008 and 2018**, Asia accounted for 82.8 percent of China’s global arms exports, of which, 61.3 percent went to South and Southeast Asian countries. In their purposeful outreach, the Chinese have not only bolstered India’s adversaries and neighbours in South Asia but also secured their own economic and security interests in the Bay of Bengal—a potential **“chokepoint”** for China’s access to the Straits of Malacca.

A prime example would be China’s expanding military footprint in Pakistan, a country that not only shares a disputed border with India, but also maintains a relatively hostile relationship with India. **From 2018 to 2022**, Pakistan accounted for 54 percent of China’s military exports. The majority of Pakistan’s military capabilities

are procured from the Chinese. This **includes** J-10 CE fighter jets, rockets, and the use of Chinese LY-80 Low to Medium Altitude Air Defence System. The Norinco Group, a Chinese state-owned enterprise that manufactures military equipment, is also working with Pakistan Heavy Industries Taxila (HIT), to manufacture the **Al Khalid tank**, which is used domestically and exported to Bangladesh. In June 2023, the Chinese also helped to bolster the military capabilities of the Pakistan Army along the **Line of Control**, the borderland area between Pakistan and India that remains highly disputed. This will invariably allow Pakistan to assert their security interests against potential attacks by India and exert pressure on India’s borders. In response, India has deployed the S-400 missile defence system **“with an eye toward Pakistan.”**

While China has been exporting defence capabilities to India's neighbours, India has also recently begun to promote the sales of its weapons in China's Southeast Asian "friendly backyard." **Offering** a lucrative concessional line of credit and identifying potential further areas of joint patrols and exchange of information, India has tried to promote its defence equipment and overcome the financial constraint of the Southeast Asian countries.

In addition to siding with the Philippines against China's claims over the South China Sea, India has **finalised** a USD 375 million deal for the sale of three artillery batteries that will be used by the Philippine Marines and an onshore version of the supersonic BrahMos anti-ship missile that is likely to be deployed along its coasts. With a firing range of 300 km off the coast, the BrahMos missile will likely be deployed as a response to China's aggressive behaviour in the South China Sea, targeting its installations on **Mischief Reef** (217 km west of Palawan), as well as its naval presence at the Scarborough Shoal (222 km west of Luzon). **Discussions over sales** of India's BrahMos missiles have also been underway with other Southeast Asia countries including Indonesia, Vietnam and Malaysia—which are all involved in maritime disputes with China. India has also **secured** an arms contract for 40 mm naval gun systems to the Indonesian Navy and is in "**advanced discussions**" to secure an additional USD 200 million supersonic cruise missile deal, while the Philippines and Vietnam have **shown interest** in procuring the Akash

missile air defence system.

While India's progress is still in its early stages, it has begun taking small but steady strides in an impending arms race in the region. Moreover, India holds a more **strategically advantageous position** compared to China. Currently, India has more long-standing joint military exercises with ASEAN member states than the Chinese. Through these exercises, India can showcase its military capabilities, cultivate trust and confidence, and allow potential buyers to build familiarity and interoperability with India's weapons. Furthermore, unlike China, whose aggressions have **caused apprehensions and uneasiness in the region**, India is neither embroiled in territorial and resource disputes with countries in the Indo-Pacific, nor is it entangled in a geopolitical rivalry with the US. As such, India can be a viable arms partner for Southeast Asian countries trying to strengthen their defensive capabilities against an increasingly aggressive China, all the while avoiding entanglement in the geopolitical rivalry between the US and China.

Nevertheless, India still faces stiff competition with already established arms suppliers, such as Russia, the US, and rising middle powers like South Korea.

Implications

India's build-up of its military capacity and engagement in Southeast Asia's arms trade not only reflects an increasingly assertive stance vis-à-vis China, but also indicates its

active pursuit of seizing opportunities that will strengthen its strategic autonomy and respond to China's unwarranted actions of arming its adversaries and attempting to influence the geopolitical landscape of the Indo-Pacific. Through this, India aims to exert greater pressure on the Chinese and make it more difficult for them to dominate the region.

At the same time, despite some push back from other neighbours bordering the Indian Ocean, China's efforts at increasing its military footprint in the region have not faltered. China's deep pockets and political ambitions would likely see the country taking more aggressive steps to secure their interests in the near future.

As China and India seek to secure their strategic geopolitical interests and expand their respective spheres of influence in a tit-for-tat cycle, there are concerns that an arms race could emerge and spill over into the Indo-Pacific. Such a situation would aggravate existing security concerns and amplify fear, hostility, and threat perceptions in the region, and increase the likelihood of a conflict breaking out. While countries in the Indo-Pacific have shown an increased demand for arms, as well as a desire to secure their strategic autonomy, India and China's success as key arms suppliers for the region will depend on the quality and cost effectiveness of their hardware, their after-sales service, and their ability to continually develop cutting edge

military technologies to attract buyers.

Mae Chow is a Research Assistant at the Centre on Asia and Globalisation.

News Reports

Bilateral relations

China Builds New Highway Near India To Move Troops for Border Standoff

Newsweek, December 19

China is on the verge of completing a new highway near its contested border with India, potentially allowing for the rapid mobilization of People's Liberation Army troops during a conflict.

India driving a drone race with China in the Himalayas

Asia Times, December 19

India claims flying wing unmanned aerial vehicle breakthrough, putting China and Pakistan in drone warfare range in contested mountain areas.

China rules Ladakh court judgment 'irrelevant' to its border dispute with India

South China Morning Post, December 14

The Indian Supreme Court has upheld Ladakh's status as separate from the reorganised former state of Jammu and Kashmir.

China and India in the Region

India joins Russia, China in voting against resolution on Iran human rights at UN

The Economic Times, December 23

While the resolution was backed by 78 member states, 30 states including India, Russia and China, voted against it.

'India out': Maldives president eyes Middle East partners with early trips

Al Jazeera, December 21

Mohamed Muizzu broke with a long tradition of Maldivian presidents visiting New Delhi first to travel to Ankara instead. It was a message targeted at India, say analysts.

India red flags Colombo and Male over inbound Chinese survey vessel

Hindustan Times, December 15

As many as 10 Yuan Wang series of Chinese intelligence-surveillance-reconnaissance ships were seen in the Indian Ocean Region in 2023.

Biden's U-turn on Delhi trip won't mar US-India ties amid 'stable' shared interests

South China Morning Post, December 15

Biden will reportedly skip a visit to India in January, which raised concerns if an alleged Indian assassination attempt on a US citizen has affected ties. The development also throws into uncertainty the timing of a Quad meeting which was expected during Biden's visit.

Trade and Economy

India arrests two senior employees of Chinese smartphone maker Vivo

South China Morning Post, December 24

The move comes soon after 4 executives at the company's Indian unit, including a Chinese national, were arrested for alleged money laundering.

Investors favour India over China as world's second biggest economy stutters

Yahoo Finance, December 23

India is the most popular emerging market with investors, favoured by two-fifths of the 100 funds surveyed by the Official Monetary and Financial Institutions Forum (OMFIF).

MUFG to build India operations amid economic slowdown in China

The Business Times, December 22

Mitsubishi UFJ Financial Group (MUFG), Japan's biggest bank, is looking to further expand in India after making key investments to tap the South Asia nation's growth potential.

India tops ranking for Japan manufacturers as China slips to 3rd

Nikkei Asia, December 15

India's booming population and growing economy have made it a popular business destination for Japanese manufacturers.

Energy and Environment

India boosts AI in weather forecasts as floods, droughts increase

The Daily Star, December 23

India is testing artificial intelligence (AI) to build climate models to improve weather forecasting as torrential rains, floods and droughts proliferate across the vast country, a top weather official said.

India will continue to rely on coal power until it becomes developed country, says Bhupender Yadav

The Hindu, December 19

Union Environment Minister said India is committed to meeting the energy needs of its people and this cannot be done by "just importing oil and gas".

Indian Solar Industry Still Heavily Reliant on Chinese Imports

Bloomberg, December 15

Indian imports of solar power equipment have risen rapidly this year, and the country is still highly reliant on foreign suppliers despite Prime Minister Narendra Modi's efforts to increase self-sufficiency.

Analyses

How to Thwart China's Bid to Lead the Global South

Foreign Affairs, December 25

By Happymon Jacob, Associate Professor of Diplomacy and Disarmament at Jawaharlal Nehru University

America should see India as a bridge to the rest of the world.

Can China and India give small Indian Ocean region nations what they really need?

South China Morning Post, December 23

By C. Uday Bhaskar, Director of the Society for Policy Studies (SPS)

The recent election of Maldivian President Mohamed Muizzu has injected new impetus into India and China's focus on Indian Ocean states. However, the real challenge for major powers will be dealing with exigencies, such as rising sea levels, that go beyond hard security issues.

India's anti-China electricity trade guidelines could backfire in South Asia

South China Morning Post, December 20

By Harris Amjad, an independent analyst on South Asian geopolitics and human security issues

Efforts to freeze out Chinese investment in power projects in South Asia will do little to improve India's economic or soft power in the region.

Humanitarian Assistance and Disaster Relief: New Frontier for China-India Contestation?

The Diplomat, December 19

By Anuttama Banerji, a political analyst based in New Delhi

India's HADR operations are not just to counter China. But it is worried about China's use of HADR to increase its influence in South Asia and the Indo-Pacific.

Beyond 1971: Kissinger and India's Geopolitics

ISAS Briefs, December 19

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

If rearranging the great power relations with China and Russia is widely viewed as one of the main accomplishments of Kissinger's foreign policy, it is seen as a negative legacy for the Indian foreign policy community.

China-India relations and their impact on Europe

Bruegel, December 14

By Alicia García-Herrero, Senior fellow at Bruegel

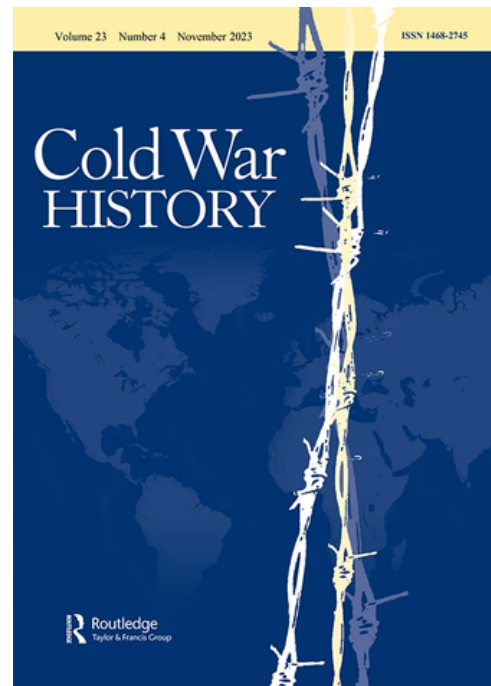
As the two most populous countries in the world with distinctly different civilisations, India and China are incredibly important economies for Europe and the world.

Books and Journals

China marching with India': India's Cold War advocacy for the People's Republic of China at the United Nations, 1949–1971 *Cold War History*, 2023

By Anatol E. Klasson, PhD candidate at UC Berkeley studying modern Chinese history

Recent scholarship on Sino-Indian relations in the 1950s has emphasised cooperation, revising previous narratives of an inexorable march towards the 1962 border war. This paper reassesses that cooperation by focusing on India's role as an intermediary between the unrecognised government in Beijing and the United Nations (UN). Chinese sources reveal that Sino-Indian cooperation over UN affairs was complicated by competing conceptions of how the decolonising world should fit into the international system and who should be at the helm. Despite such disagreements, the Cold War UN provided a setting where divergent post-colonial visions could be sublimated into meaningful international cooperation.



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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

- *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)
- *Routledge Handbook of China-India Relations* edited by Kanti Bajpai, Selina Ho and Manjari Chatterjee Miller (Routledge, 2020)



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