

# China-India Brief

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 CENTRE ON ASIA  
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The *China-India Brief* is a 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.

*Guest Column*

## China and India in Bhutan: New Prospects, Old Tensions, and an Unresolved Territorial Dispute

By Ivan Lidarev

Bhutan has long been the object of an intense competition between China and India, centered on the territorial dispute between China and Bhutan. New Delhi has consistently enjoyed the upper hand in this competition and played a key role in the politics of the unresolved dispute. Nevertheless, the gradual development of relations between Beijing and Thimphu and their recent push to resolve their territorial dispute

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are upending the Sino-Indian balance of power in Bhutan. Will this lead to a settlement of the Sino-Bhutanese dispute? In what way? What will be the impact on the larger China-India relationship? To answer these questions, it is necessary first to understand both Bhutan's importance for China and India and the dynamics of the Sino-Bhutanese territorial dispute.

### **Bhutan's Importance for China and India**

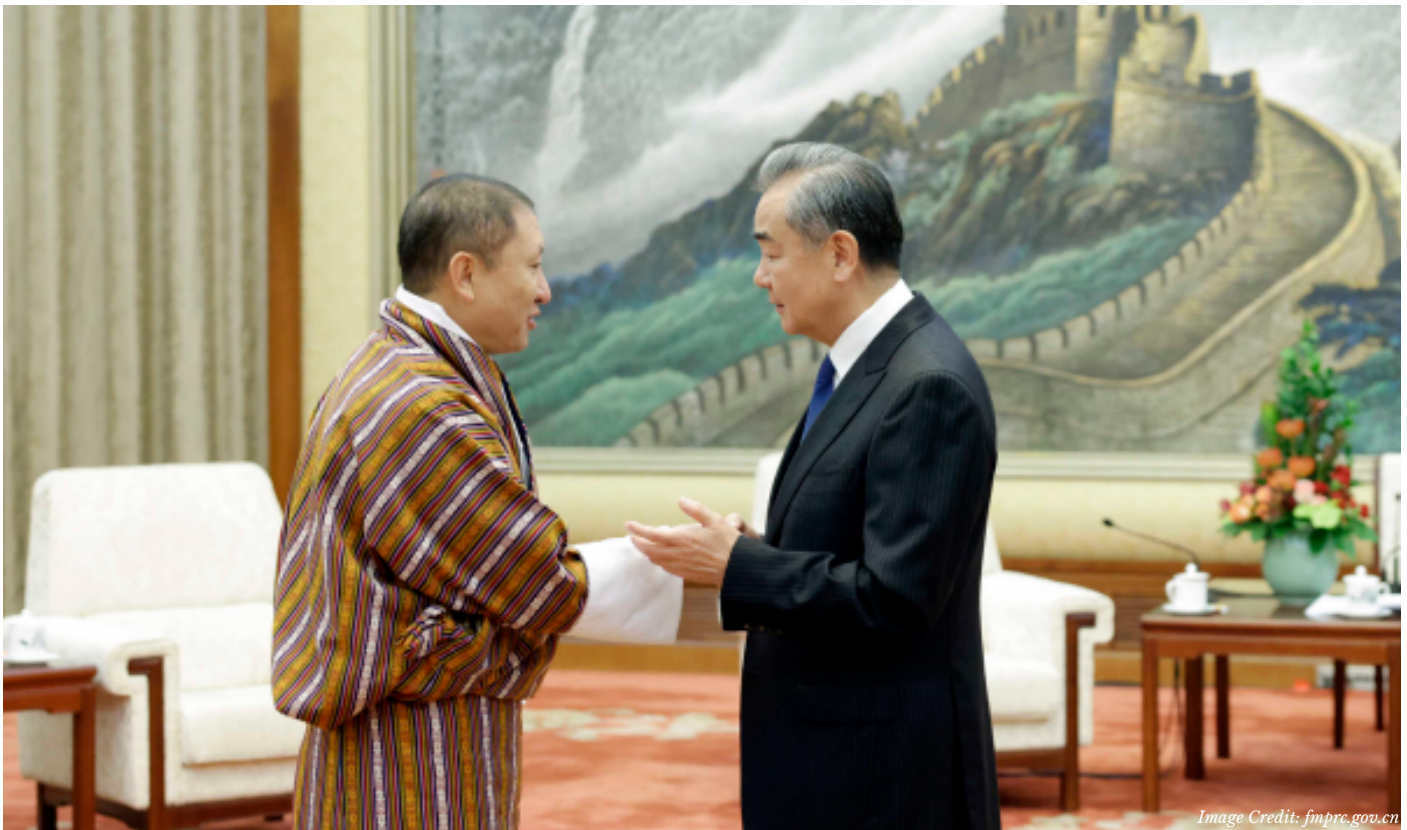
Bhutan, as a result of its importance for both Asian giants, is an arena of competition. There are four reasons for this importance. First, the Himalayan kingdom plays an important role in the military balance along the contested and militarised Sino-Indian border. India's military presence in Bhutan helps secure its northern borders against the People's Liberation Army (PLA) in a vital segment and creates a buffer. Just as important, Bhutan stands at the two border trijunctions between China and India, close to the disputed areas of Tawang in the east and Doklam in the west. Doklam, the site of a **long military standoff** between China and India in 2017, is particularly important as it sits close to India's militarily vulnerable **Siliguri corridor** which connects India's Northeast region with the rest of the country.

Second, the Sino-Bhutanese territorial dispute is intimately linked to the China-India territorial dispute. It involves many of the same controversial issues as the China-India one, such as claims based on historical

Tibetan connections, disputed **colonial-era agreements**, and tactical military security concerns based on the border's topography. Settling the Sino-Bhutanese dispute will have serious legal and political implications for the China-India border quarrel and the interests of Beijing and New Delhi. Hence, it is difficult to fully resolve it without progress on the other dispute.

Third, Bhutan is closely **connected to Tibet** and might play a role in the future of the 'Tibet issue.' Bhutan, a Buddhist-majority country with close ethnic, religious, and cultural ties with Tibet, is home to a **Tibetan diaspora** and the Drukpa subsect of the important Kagyu school of Tibetan Buddhism. All this, together with Bhutan's long border with Tibet, means that Bhutan will play a role in recognising the next reincarnation of the Dalai Lama and in post-reincarnation politics. Therefore, China has an interest to ensure that Bhutan is on its side on the 'Tibet issue.'

Finally, Bhutan is China's only neighbour that has not established **diplomatic relations** with Beijing. This situation is usually explained by India's guidance of Thimphu's foreign and security policies since their **1949 agreement**, revised in 2007, and its concerns about great power competition in the small Himalayan country. New Delhi is particularly concerned about the potential establishment of a Chinese embassy in Thimphu which will strengthen Beijing's influence in Bhutan.



Bhutan's importance has engendered an intense competition between China and India. Beijing has sought to push Thimphu to establish diplomatic relations through a mixture of pressure and diplomatic seduction, whereas New Delhi has defended its predominant position with economic carrots and sticks, such as the **2013 halting of a fuel subsidy** in an alleged response to Thimphu's pro-China moves. In the middle of this competition, Bhutan has striven to sustain its special relationship with India without antagonising China and to develop some limited relations with Beijing.

### Territorial Dispute Negotiations

The territorial dispute is the central issue in the relationship between China and Bhutan and the focus of the Sino-Indian competition in the kingdom. It blocks the establishment of diplomatic relations between Beijing and Thimphu and is a

function of Bhutan's alignment with India and distancing from China. While China has sought to use the dispute to push Bhutan to establish diplomatic relations and thus spread Chinese influence, India has consistently resisted a resolution of the dispute to the potential long-term detriment of its security interests in Bhutan and the Himalayas. The result has been a stalemate in resolving the dispute.

The **territorial dispute** features two territories to the north, Pasamlung and Jakarlung valleys, and several to the west, including the disputed Doklam area. In addition, in an attempt to pressure Thimphu and New Delhi during the 2020 crisis on the Sino-Indian border, China laid claims to the **Sakteng Wildlife Sanctuary** in the east, an area not contiguous to the Sino-Bhutanese border but close to India's Tawang district that Beijing has long claimed. For its part, Bhutan has also expanded its claims. In



2000, it made **new claims in the west**, likely under Indian influence and as a negotiation tactic.

China and Bhutan have been **negotiating** to resolve their dispute since 1984, but with no result. In 1997, Beijing proposed a **“package deal”** in which China would give up its claims in the north in exchange for Bhutanese concessions in the west, close to the sensitive Doklam trijunction with India. While Thimphu initially seemed to agree, it eventually rejected the deal, reportedly under Indian influence. In 1998, China and Bhutan signed an **agreement** to stabilise the border and respect the territorial status quo. Over the past decades of dispute negotiations, Beijing has reportedly made a linkage between the resolution of the dispute and the establishment of diplomatic relations. It has also used often pressure tactics, such as infrastructure building and incursions by Tibetan herders and PLA soldiers, in a clear violation of the 1998 agreement.

### Recent Push to Resolve the Dispute

The last two years have seen a growing push to resolve the dispute between China and Bhutan. In 2021, both sides signed a **“three-step roadmap”** to reach an agreement on boundary delineation and demarcation. In 2023, China and Bhutan **conducted** the twenty-fifth round of the border talks and expert group meetings on the border negotiations. Bhutan’s foreign minister also visited China and had a **landmark meeting** with China’s foreign minister Wang Yi,

while the then Bhutanese PM said in an interview that border negotiations between the two sides were **“inching”** toward completion.

There are multiple reasons behind this recent push. First, the Doklam crisis of 2017 convinced Thimphu that without a negotiated resolution, Bhutan would eventually lose territory to China, a conviction reinforced by Beijing’s building of infrastructure in disputed areas and new territorial claims. In short, China’s pressure tactics have begun to yield results. Second, the **2020 deadly border crisis** between China and India demonstrated to a shocked Bhutan that it might be dragged into an armed conflict between the two, and that waiting for Beijing and New Delhi to settle their differences is an unpromising strategy. Third, Bhutan’s **democratisation** and its need for **economic development** have increased popular pressure on the government to engage China. Unsurprisingly, momentum for settling the dispute grew as Bhutan’s 2023-2024 parliamentary elections approached.

More importantly, India’s position on the Sino-Bhutanese dispute seems to be cautiously evolving. Bhutan carefully **coordinated** its dispute negotiations with China with India’s government, which knowingly kept quiet on the subject in comparison to the panicked Indian media. Moreover, there are **reports** that in 2020 New Delhi asked Thimphu to resolve the territorial disputes with China in the north. Most likely, this was an attempt to deny

Beijing leverage and stop a potential “package deal” in which China would give up its claims in the north in exchange for concessions in the west. The move also aimed to make the remaining Doklam dispute the subject of three-party negotiations, as **hinted** by Bhutan’s former PM. More generally, it is possible that India has realised that blocking a Sino-Bhutanese agreement is not a sustainable strategy.

### **Resolution, at last?**

Will this push resolve the dispute? On balance, it seems more likely that the dispute will move toward partial resolution, i.e., a resolution without a complete settlement of the Doklam trijunction. There is substantial high-level momentum between China and Bhutan and the Bhutanese public is pushing toward an agreement. China’s pressure also means that a Bhutanese rejection of a settlement will be very costly for Thimphu. Crucially, India seems to be cautiously open to some type of agreement, as long as its redlines are respected.

Nevertheless, progress toward an agreement is likely to be gradual. The advent of a new government in Thimphu led by the cautious and pro-Indian **Tshering Tobgay** is likely to slow progress, as will India’s parliamentary elections in April and May. Moreover, any agreement will need to be coordinated with India and its details carefully worked out, especially at the trijunction where the location of each **“border pillar”** will have to be determined, according to a former Indian official.

Naturally, there are factors which can scuttle an agreement between China and Bhutan. First, China might overplay its hand by conditioning a deal on the speedy establishment of diplomatic relations and on concessions in the Doklam area. Second, it is uncertain if the three sides can agree **which should come first**, the opening of a Chinese embassy in Thimphu or settling of the dispute. Ultimately, this comes down to the question of whether each party trusts the other side to carry out the rest of the agreement if they make the first move. Third, it is possible that New Delhi might change its mind after reckoning with the prospect of China’s greatly expanded influence in Bhutan, something it already witnessed recently in the **Maldives**. Finally, renewed military tensions in the China-India territorial dispute, always a possibility, might easily block an agreement.

### **Larger Impact**

What would be the larger impact of a potential settlement of the Sino-Bhutanese dispute, even a partial one? As a Sino-Bhutanese agreement would involve de facto trilateral negotiations between China, India, and Bhutan, it would be a major diplomatic breakthrough with substantial positive implications. For Beijing and New Delhi, such an agreement would act as a confidence building measure that would soften the Sino-Indian competition in the Himalayas and provide impetus for reinvigorated negotiations on the China-India territorial dispute.

Ideally, all this can contribute towards a **complete disengagement** along the militarised China-India border, still tense from the 2020 crisis, and to a compromise on the Doklam issue which will stabilise this troublesome part of the border. More broadly, an agreement between China and Bhutan might play a role in bringing about the long-awaited but elusive **thaw** in the extremely strained China-India relationship.

Nevertheless, the long-term impact looks much more negative. A Sino-Bhutanese settlement would increase Beijing's influence in the Land of the Thunder Dragon and lead to an Indian backlash. As a result, the China-India competition over Bhutan might actually escalate. Equally important, an agreement does not guarantee the end of tensions around the Sino-Bhutanese territorial dispute and Bhutan's disputed borders. The competition between Beijing and New Delhi in Bhutan and the Sino-Indian territorial dispute reflect larger geopolitical dynamics. As such, India's attempts to balance China, as well as Beijing's use of coercive diplomacy, might cause border tensions to flare up again. After all, many previous agreements have been breached. Beijing breached the 1998 Sino-Bhutanese agreement by building infrastructure in disputed areas, including in the **Doklam area** in 2017. Allegedly, China's road building in Doklam violated a **2012 Sino-Indian understanding**

to settle trijunctions trilaterally. China also **flouted** the 1993 and 1996 China-India **border agreements** by amassing troops along the disputed China-India border in 2020. Partly in response, India also breached the spirit of the same agreements by conducting **military exercises** with the US close to the border in 2022.

In conclusion, the complex relationship between China, India, and Bhutan seems to be entering a new phase. The chances for a breakthrough in the China-Bhutan territorial dispute, the fulcrum of the Sino-Indian competition in the Himalayan kingdom, seem surprisingly decent. While such a breakthrough would be difficult and slow, it is gathering momentum. But even if Beijing and Thimphu do not resolve their dispute, the status quo of a Bhutan fully aligned with India and in minimal contact with China looks increasingly unsustainable. Against this shifting background one thing remains certain, China and India will continue to compete over Bhutan.

**Ivan Lidarev, PhD, King's College London, is an Asian security expert who specialises in China-India relations. He recently served as the 2023/2024 Mladena and Dianko Sotirov Visiting Fellow at LSE IDEAS.**

# ‘Realism’ in India’s Relations with China

By David Scott

India’s Minister of External Affairs, Subrahmanyam Jaishankar held an important interview with ANI News on January 4, 2024, discussing his latest book, *Why Bharat Matters*. Its back cover emphasized “India’s quest to ascend the global hierarchy;” a quest where India’s more powerful neighbour China’s own ascent has been noticeable in the last decade.

In his **interview**, Jaishankar repeatedly stressed the need for “realism” in India’s relations with China. He argued that India should be “dealing with China from a basis of realism...that strain of realism [which] extends all the way from Sardar Patel to Narendra Modi.” He further noted that in “the last seventy-five plus years of our [India’s] foreign policy, we have had a strain of realism about China, and we have had a strain of idealism, romanticism, non-realism about China...[which] ends up as Chindia policy. Lastly, he argued that “there is a very sharp difference of opinion on how to respond to China between Nehru and Sardar Patel,” and that the Modi government “has been very much more in conformity with a strain of realism which originated from Sardar Patel.”

Consequently, this piece looks at Patel’s “realism,” Chindia “romanticism” and current “realism” imperatives for India.



## Tibet and the Disputed Himalayan Border

Deputy Prime Minister Sardar Patel’s realism was on show when Mao Zedong’s newly-proclaimed People’s Republic of China (PRC) sent military forces into Tibet in October 1950. Patel’s famous letter to Prime Minister Jawaharlal Nehru over Tibet on November 7, 1950, lamented how China meant to “delude us by professions of peaceful intention” and warned of Chinese “perfidy” and “malevolence.” It further stressed the need for “a military and intelligence appreciation of the Chinese threat to India,” advocated a strengthening of military forces along the Himalayas, and maintenance of India’s forward position and rights in Tibet. Patel’s death in December that same year removed his voice from the Indian cabinet. As such, in the following year of 1951, Nehru failed to maintain Indian rights in Tibet, and instead recognised Chinese annexation.



Jump forward seventy-five years, past the 1962 War, Tibet and the disputed Himalayan border remain a sharp issue in India-China relations. China claims Ladakh and Arunachal Pradesh which are administered by India, and India claims Aksai Chin administered by China, with the demarcation of their mutual border—the Line of Actual Control—remaining highly contested. The Doklam confrontation in 2017 and Galwan clashes in 2020 sent India-China relations into a sharp and immediate downspin, which was further aggravated by another confrontation at Tawang in December 2022.

These confrontations left relations at a continuing low throughout 2023, which witnessed both sides achieving limited progress at disengagement along the border, and instead, undertaking more substantive troop and infrastructure buildups. The Indian defence minister's trip to Tawang in October 2023 was **designed** to consolidate India's border position. The 20th round of Commander-level talks held in October 2023 and the 28th Meeting of the Working Mechanism for Consultation and Coordination on China-India Border Affairs held in November 2023 all made little substantive progress. Jaishankar pointed out during a January 2024 public talk—with the unmistakably realist title **"Bharat's Rise in Geopolitics"**—that he had **told** Chinese counterparts that "unless a solution is found at the border, they should not expect other relations to move on normally."

## Collapse of the Chindia Paradigm

Nehru's "romantic" pursuit of *Hindi-Chini Bhai-Bhai* or "India-China brotherhood" during the 1950s, was re-echoed by the mantra of Chindia economic cooperation between China and India, encapsulated in 2006 by Jairam Ramesh's book, *Making Sense of Chindia*. However, India-China trade became increasingly asymmetric to India's disadvantage. India's trade deficit with China of \$671 million in 2006 soared to \$87 billion in 2022.

Moreover, India has increasingly demonstrated a willingness to reduce reliance on China for critical sectors of its economy. India blocked Huawei from its 5G network in 2022, and placed licensing restrictions on imported Chinese laptops in 2023. In October 2023, Chinese smart phone companies, Xiaomi Corp and Vivo Mobile, were investigated by the Indian police for money laundering, including charges of **"spreading Chinese propaganda."** The same month, tax evasion probes were launched against forty leading Chinese solar companies. China's **state media** finished the year blasting "India's unscrupulous suppression of Chinese firms."

With 90 percent of India's rare earth minerals imported from China, India pursued an internal and external **"dash"** for critical minerals security in 2023. In April, the state-owned IREL (India) Ltd announced plans to ramp up domestic extraction and refining capacity of lithium, beryllium, titanium, niobium, tantalum and zirconium.



Six months later, in October, India joined the US-led “anti-China” **Mineral Security Partnership**. Pharmaceutical imports from China was another focus for India. In November, the *Global Times* reported with disquiet “India’s endeavor to ‘decouple’ from China in the supply chain for active pharmaceutical ingredients.”

India continues to reject Chinese infrastructure initiatives, boycotting the Belt and Road Forum held in Beijing in October 2023. Instead, India joined in the Quad Partnership for Cable Connectivity and Resilience announced in May 2023, and signed up for the Supply Chain Resilience Agreement, one of the pillars of the US-led Indo-Pacific Economic Framework (IPEF), in November 2023.

### **Realism Imperative: Balance of Threat**

Stephen Walt’s “**balance of threat**” criteria —“aggregate power,” “offensive military capabilities,” “geographic proximity” and “perceived offensive intentions”—as a way of understanding why states become or are rivals can help us understand Indian strategic calculations about China.

1. Aggregate power (population and economy). India’s population may have overtaken China’s in 2023, with a younger profile likely being advantageous in its long-term economic development. Indeed, India’s annual growth rate for the financial year through March 2024 is **projected** to hit 6.7 percent, surpassing China’s 5.2 percent.

Nevertheless, much higher levels of economic growth from 1990 to 2020 left China’s nominal GDP 4.74 times higher than India’s in 2023, and 2.51 times higher in purchasing power parity (PPP) terms.

2. Military Capabilities. China’s bigger economy translates into much bigger military spending. For 2023-2024, China’s \$225 billion military budget is three times that of India’s, which stands at \$72.6 billion. In terms of indigenous production, China has also out-performed India in key issues like construction of aircraft carriers and fighter aircraft.

3. Geographic proximity. China’s geographic contiguity remains an uncomfortably acute issue for India. The China-Pakistan nexus, coupled with the ongoing Chinese penetration into the Indian Ocean translates into a palpable sense of strategic encirclement for India. Concerns in New Delhi rose further following Mohamed Muizzu’s election victory in November 2023, which brought a pro-China government to power in the Maldives. Consequently, Muizzu’s first foreign trip was to China, in January 2024, where the relationship was elevated to a Comprehensive Strategic Cooperative Partnership, the Maldives’ participation in China’s Maritime Silk Road initiative was deepened, and Indian troops were ordered out of the Maldives by March 2024.

4. Perceived offensive intentions. Polling by the **Pew Research Center** published in August 2023 noted that negative views of China in India had reached “historic highs.” “Unfavorable” views of China which stood at 48 percent in 2019, had jumped to 67 percent (of which, 50 percent were “very unfavorable”) by 2023.

### **Realism Imperatives: Counter-Balancing**

India’s response to this growing sense of threat from China has led to balancing behaviour, involving “internal balancing” and “external balancing.” The former involves India building up its military forces, while the latter involves security cooperation with other partners who have similar concerns about China.

Certainly, India has been building up its own military forces against China, in the Himalayas through diverting forces away from facing Pakistan on the western flank and reactivating airbases, and in the Indian Ocean by building up its navy. But on the naval front, India is finding itself hard pressed to keep up with China, as evident from their respective indigenous aircraft carrier programs. India’s INS *Vikrant* (IAC-1) took fifteen years to construct before finally being commissioned in 2022, whereas China’s *Shandong*—a larger carrier—took only four years to construct before its commission in 2019. As of late-2023, China’s third carrier, the *Fujian*, had already begun undertaking sea trials, with a commissioning date expected around 2025. On the other hand, India’s second indigenous carrier (IAC-2) had only been

agreed in principle by the Defense Procurement Board in September 2023, and is awaiting formal approval by the Defence Acquisition Council in January 2024. Its development will likely entail several more years of construction, by which time, China will already have moved on to more advanced and sophisticated construction projects.

Given this military imbalance between India and China, India needs to externally balance with other actors around the Indo-Pacific which share similar concerns about China—what Arzan Tarapore refers to as “**zone balancing**.” India’s balancing behaviour towards China, “constraint” being perhaps a more nuanced term, is unstated and delicate, but evident nonetheless. It is observable from India’s security links with Australia, France, Japan, France and the US, which all have overlapping strategic geometries. India’s gifting of INS *Kirpan* to Vietnam in June 2023 and *Nomadic Elephant* exercises with Mongolia in July 2023 illustrates neighbourhood counter-balancing of China.

Purnendra Jain’s 2021 profile of India’s “**hesitant realism**,” linked the border tensions at Galwan in 2020 with India’s subsequent-and-consequent deepening strategic ties with Tokyo and Canberra. India’s Reciprocal Access Agreements (RAC), signed with the US in 2016, Japan in 2020, and Australia in 2021, underpin their strengthening fourfold co-operation in the Quadrilateral Security Dialogue (or the Quad).

China-concerns are also on show with France, reflected in their **Joint Strategic Vision of India-France Cooperation in the Indian Ocean Region** in 2018, their RAC in 2019, and their expanded **India-France Indo-Pacific Roadmap** announced in July 2023. The India-France-Australia trilateral run at the Senior Officials level in 2020 was upgraded to the ministerial level in 2021, halted briefly in 2022, and **resumed** in June 2023.

India also maintains a cordial enough relationship and military links with Russia, a close ally of China, despite US concerns. However, these friendly enough links with Russia have not translated into meaningful China-India cooperation within the Russia-India-China (RIC) trilateral. The reality is that the RIC itself faces an **“existential dilemma”**—its members lack the “strategic glue” necessary to stand united against US pressure given continuing China-India competition and confrontation. The Russian Foreign Minister may have **stated** in March 2023 that the “RIC is a platform for India and China in our presence—because they might not feel themselves comfortable being one on one all the time”, but the RIC has remained stymied. Indian officials said in May 2023 that RIC was unlikely to meet until the border dispute with China is **“normalised.”** Consequently, despite India hosting the G20 Summit in New Delhi in September 2023, which Russia and China attended, no RIC meeting was arranged.

To conclude, there is an ancient basis for Indian realism in the shape of Kautilya’s *raja-mandala* or “circles of states” framework propounded in his *Arthashastra* back in the fourth century BCE, with maxims like “a neighbour of your enemy is a potential ally” in play with India’s **regional diplomacy** in South Asia and around China. Hence, Jaishankar’s comments in 2020, in his *The India Way: Strategies for an Uncertain World*, that “geopolitics and balance of power are the underpinnings of international relations. India itself has a tradition of Kautilya politics that places a premium on them.”

In this balancing vein, Jaishankar stressed at the **Kautilya Forum** in October 2023 that “the Quad stands out in the Indo-Pacific” as a particularly valuable framework for India to work with the US, Japan and Australia. The Quad has been operating as a political grouping at the Senior Officials-level since 2017, Ministers-level since 2019 and Summit-level since 2021. India participates in their annual quadrilateral naval exercises which have run since 2019. India joined the Quad Infrastructure Coordination Group, set up in 2021 as a counterpart to China’s BRI infrastructure initiative. India is also cooperating with its Quad partners to counter cyber threats from China. The press release of the **Quad Senior Cyber Group** meeting held in December 2023, while not mentioning China specifically, was clearly aimed at the Asian giant, noting “serious concern about cyber attacks in the region on critical infrastructure.”



Returning to Jaishankar's *Why Bharat Matters* interview, using imagery from the Ramayana to explain India's strategic geometry, he compared the Quad countries to Raja Dasrah's four sons, and France to Lakshman. Bhopinder Singh **explained** Jaishankar's allusion to the "familial bonhomie and fundamental alignment" with Quad partners and France as reflecting their "China-wariness that remains as serious and relevant as earlier." This is "realism" in action.

David Scott is a member of the Center for International Maritime Security (CIMSEC). He **writes** regularly on India and China foreign policy, including India-China relations, and can be contacted at **[davidscott366@outlook.com](mailto:davidscott366@outlook.com)**.

## News Reports

### Bilateral relations

#### **China's defence ministry spokesperson says India border issue 'left over from history'**

Reuters, January 25

"It is unwise and inappropriate for the Indian side to insist on linking the border situation with bilateral relations," spokesperson Wu Qian told a monthly press briefing.

#### **China-India border dispute: 2 unreported clashes occurred in 2022, even as Beijing and New Delhi held peace talks**

South China Morning Post, January 17

Details of the new clashes emerged after the Indian Army awarded gallantry medals to soldiers it said challenged Chinese troops trying to enter Indian territory.

#### **China and India race to expand aircraft carrier fleets**

Nikkei Asia, January 9

China and India are scrambling to expand their naval capabilities amid their growing rivalry in the Indo-Pacific region, making moves toward each putting a third aircraft carrier into service.

#### **Will India, China bury the hatchet in 2024?**

Mint, January 2

External Affairs Minister S Jaishankar said, "We have tried to construct a relationship which is based on three mutuals...Unless that mutuality is recognised, this relationship will find it difficult to progress."

### China and India in the Region

#### **India pivots away from Russian arms, but will retain strong ties**

Reuters, January 29

The world's biggest arms importer is slowly turning West as the United States looks to strengthen ties in the Indo-Pacific region, hoping to contain an ascendant China by weaning the South Asian nation off a traditional dependence on Russia.

#### **Chinese research vessel heads to Maldives, could concern India**

Channel News Asia, January 22

Relations between traditional friends New Delhi and Male have soured since President Muizzu took office in November riding an 'India Out' campaign.

#### **Why China, the only permanent Asian member of the UN Security Council, wants it to stay that way**

South China Morning Post, January 21

Amid concerns over reduced influence, Beijing has an interest in 'keeping India out' of the group, analyst says.

#### **Chinese President Xi Jinping offers to strengthen China-France ties after French President inks defence deals with India**

Mint, December 29

Days after French President Emmanuel Macron's high-profile visit to India, Chinese President Xi Jinping has announced to boost China-France ties.

## Trade and Economy

**The Fed's lack of innovation with the dollar means China, India, and others will dominate the digital currency race**

**Business Insider, January 27**

Unlike the US, other world powers including China, India, Germany, Italy, and France have moved beyond the theoretical stage for central bank digital currencies (CBDC).

**China is 'risky' for supply chains and India a favored destination for U.S. firms, survey shows**

**CNBC, January 24**

Of the 500 executive-level U.S. managers surveyed by market research OnePoll, 61 percent said they would pick India over China if both could manufacture the same materials.

**India now has the world's fourth biggest equity market as a historic four-year slump drags down Hong Kong**

**Fortune, January 23**

India's stock market capitalization has overtaken Hong Kong's for the first time.

**India could ease China investment curbs if border stays calm**

**Reuters, January 19**

Border tensions, the biggest irritant to relations between the nuclear-armed Asian giants, have eased, which could lead to improved investment ties, said top industrial policy bureaucrat Rajesh Kumar Singh.

## Energy and Environment

**India set to be renewable energy hub with hundreds of billions earmarked for projects**

**South China Morning Post, January 21**

While sources such as wind and hydropower are gaining traction, the solar sector could be the springboard to help India become a green energy giant.

**China drives world renewables capacity addition in 2023**

**China Daily, January 13**

China was the major driving force behind the world's rapid expansion of renewable power generation capacity last year, which grew by 50 percent to 510 gigawatts, the International Energy Agency said.

**World's two largest coal consumers won't be weaning off the fossil fuel anytime soon**

**CNBC, January 10**

Global coal use in 2023 has hit a record high, surpassing 8.5 billion tons for the first time, on the back of strong demand in countries like India and China, said IEA.

**Russia Says Sanctions Helped Cement China, India Energy Ties**

**Asia Financial, December 28**

Together China and India accounted for around 90 percent of Russia's crude exports, while Europe's share fell to only about 4-5 percent from about 40-45 percent.



## Analyses

### **Setting course for the IMEC**

Financial Express, January 23

*By Constantino Xavier, Research Fellow, CSEP*

Gaza war has delayed plans for the corridor, but can't derail them.

### **As Tensions with India Grow, Maldives**

#### **Looks to China**

United States Institute of Peace, January 18

*By Nilanthi Samaranayake, Associate Professor of Diplomacy and Disarmament at Jawaharlal Nehru University*

India-Maldives dispute over tourism threatens bilateral ties.

### **China, India could co-lead Global South**

China Daily, January 5

*By Sudheendra Kulkarni, aide to former Indian Prime Minister Atal Bihari Vajpayee*

As we enter the fourth year of the third decade of the 21st century, we see our world at a peculiarly liminal point of change.

### **What I feel about the 'Bharat narrative' in India**

Global Times, January 2

*By Zhang Jiadong, Director of the Center for South Asian Studies at Fudan University*

It appears that a transformed, stronger, and more assertive India has become a new geopolitical factor that many countries need to consider.

## Books and Journals

### **India's Military Modernisation in the Shadow of the China Threat**

**Journal of Asian Security and International Affairs, 2023**

*By Gunjan Singh, Assistant Professor at Jindal Global Law School*

The violent Galwan clashes of 2020 have changed the trajectory of India–China relations. It has also compelled the Indian government and policy makers to undertake major and long-term changes to push for military modernisation. The need for a modernised, leaner, and younger military is quite eminent and the Galwan clashes have further underscored this issue. Given this backdrop, the article looks at the various changes, which the current Indian government under Prime Minister Narendra Modi has undertaken to achieve this goal. It also argues that the government is aware that these changes will need time and resources while acknowledging that the Indian side cannot continue to be reactive. India under the current leadership appears to be a very different nation than the Chinese are used to.



## Our team



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