POLICY BRIEF

China, India and the United States:
Tempered Rivalries in Asia

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Executive Summary

China and, to a lesser extent, India are recognised as Asia's rising powers, probably destined to emerge later this century, at least within Asia, as peer competitors to the United States. Their competition and cooperation, with each other and with the United States, is expected to shape Asia's future.

China is now more powerful than India. The United States is often seen to have sacrificed nuclear non-proliferation goals in order to recruit India as a participant in its hedging strategy against China. This brief reviews these three countries' individual bilateral relationships, their triangular interactions, and the Asian setting in which they compete and cooperate.

A China-India-U.S. "strategic triangle" model would provide an elegant way to simplify and explain rivalries in Asia. However, the evidence suggests that such a model is problematic, for at least two reasons:

- India is now neither willing nor able to compete with China or the United States in East Asia, and the economic and military gap between China and India is predicted to continue to widen. A new term, the "Indo-Pacific," has been coined in Washington, both to capture economic and diplomatic trends slowly linking India to East Asia and to encourage India to play a greater role in East Asia. However, this term anticipates a possible future more than it reflects current reality. At most, an argument can be made that a "triangular dynamic" has an erratic and unpredictable impact on several South Asian and global issues.

- The current weak "triangular dynamic" functions in a region that includes many other important countries, which are all bound together economically, thus diminishing its relevance. Asia's dense and integrated supply and production networks constrain an individual country contemplating attempts to employ economic leverage to influence its neighbours. China's geopolitical weight is increasingly felt along an arc from India to Southeast Asia to Japan. However, in response, most East Asian countries and India are not accommodating China but, instead, they are cautiously "hedging" against China. Assertiveness is counterproductive, and thus often moderated.

China, India and the United States recalibrate their bilateral relationships with each other for a variety of reasons. The most important is usually the mix of elements within each bilateral relationship that encourage competition and cooperation. The fundamentals are growing mutual economic dependencies, though the Sino-U.S. economic relationship dwarfs India's economic ties with either the U.S. or China, and enduring "strategic mistrust" between China and both the United States and India.

China and India share positions closer to each other than with the U.S. on several global governance, global trade, and climate change issues, but the national security interests of India and the United States in Asia seldom clash. The western border of the United States stretches across the Pacific Ocean, not the Indian Ocean, and Washington's economic interests, as well as its allies and partners, are concentrated in East and Southeast Asia. Both the United States and India seek to avoid entanglement in the other's competition with China, in East Asia and South Asia respectively. None of these states are trapped in a "contest for supremacy." Instead, all are manoeuvring for relative advantage in a complex, multi-dimensional and fluid system that has yet to fully integrate India into "Asia."

Introduction

This policy brief attempts to suggest why competition between Asia's two largest countries and the United States has been tempered within Asia, defined as East Asia (including Southeast Asia) and South Asia. It is focused on Asia, rather than on aspects of the Chinese, Indian and U.S. relationships outside Asia.

To better understand why competition has been held in check, the brief considers the issues from several different angles. Because it is focused on Asia, it is organised to first address the setting in which China, India and the United States interact in Asia. It then explores the concept of a triangle among these states as an element in moderating inter-state rivalry. The brief next recognises the role of competition and cooperation within each set of bilateral relationships among these states, and finally touches on interests common to all.

The Setting: Asia's Integration

East and South Asia are increasingly drawn together by overlapping patterns - states on China's periphery reacting in a similar way to China's growing wealth and power, a "spaghetti bowl" of Asian multilateral organisations with ill-defined mandates that support intensive diplomacy, and dense trade and financial ties that cushion national rivalries. China and India remain primarily land powers, but the security environment is increasingly maritime - defined by common reliance on seaborne commerce transiting inter-connected waters, by concerns about protection of the maritime commons, and by potential naval rivalry.

Asia is no longer primarily a workshop for the West. Instead, its economies have become as interdependent as those in North America and the European Union.[1] China is the largest trading partner for most Asian states from India to Japan, and the second largest trading partner for the United States. Into China flow materials and components from other parts of Asia, which are then transformed into new products, stamped "made in China", and then exported elsewhere. The value-added in China is approximately 40 per cent of the value of the final product. Trade among other Asian countries that does not pass through China has also exploded. For example, India's trade with Japan has quadrupled since 2000. This dense web is not the product of one free trade area similar to the European Union, but of over 150 free trade agreements that facilitate the expansion of trade in Asia. These interwoven trade dependencies cushion political and security tensions, while ensuring that individual nations find it difficult to bring pressure on their neighbours through trade sanctions without also undercutting their own economic interests.

Intra-Asian investment and economic assistance have yet to match trade as a means to draw East Asia and the Indian Ocean littoral together. The United States, Japan and Europe continue to be the major investors in Asia. Nonetheless, investments by Asian firms in other Asian countries are growing rapidly and will receive a boost if and when China encourages its firms to invest abroad in other parts of Asia.

[1] Asian Development Bank, "Emerging Asian Regionalism: A Partnership for Shared Prosperity," 2008, available at http://aric.adb.org/emergingasianregionalism/pdf/Final_ear_chapters/final%report.pdf

East Asia and India are also increasingly tied together through a dense diplomatic network of multilateral organisations. Overlapping regional organisations, usually with the Association of Southeast Asian Nations (ASEAN) as the central component, promote inter-governmental exchange. New Delhi has assiduously expanded its Asian diplomatic links through multilateral forums and by building "strategic partnerships" with Japan, South Korea and Australia. ASEAN and its related institutions and meetings serve as "vital venues for managing competition between great powers while providing platforms for increasingly substantive confidence-building measures."[2] These multilateral arenas can make cooperation politically and bureaucratically easier because confrontation is moderated to secure allies and achieve consensus. The new East Asia Summit is the region's premier forum for the leaders of "Indo–Pacific" states to discuss political and strategic issues.

Sustained by rapid economic growth, China, India and many other Asian countries are modernising their armed forces. A few Asian countries have recently participated in bilateral joint operations, military exercises and arms sales. "More diverse security ties in Asia could have the dual effect of creating a stronger deterrent against coercion and aggression while simultaneously diminishing the intensity of U.S.-China competition."[3] However, security ties among Asian states remain in their infancy.

Both India and Japan, wary of China's military build-up and worried about American staying power in Asia, exaggerate the importance of an anaemic bilateral partnership that includes a nascent security component. Their partnership could eventually add substance to the concept of an Indo-Pacific region. However, neither country has demonstrated much interest in sharing security burdens outside their extended home waters. Rather than banding together with other states, both may react to heavy-handed Chinese pursuit of its territorial claims by consolidating their defences close to home.

A China-India-U.S. Triangle?

A triangle "refers to a situation in which three major powers are sufficiently important to each other that a change in the relationship between any two has a significant impact on the interests of the third."[4]

In the later part of the Cold War, national security strategists often thought in terms of a triangle among the United States, the Soviet Union and China. Because China and India are Asia's two largest powers, the idea of a China-India-U.S. triangle as a way to explain and predict international politics in Asia has attracted some attention.[5] However, such a triangle has been difficult to discern because the dominant bilateral issues between each set of two countries had little significance for the third.

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[2] Cronin, Patrick M., *The Emerging Asia Power Web, the Rise of Bilateral Intra-Asian Security Ties*, Center for a New American Security: Washington, D.C., June 2013

[3] Ibid

[4] Harding, Harry, "Evolution of the Strategic Triangle: China, India and the United States." In Frankle, Francine R. & Harry Harding (Eds.), *The India-China Relationship, What the United States Needs to Know* (pp. 321-350). New York, Columbia University Press, 2004

[5] "A new strategic triangle among the United States, China and India emerged from the flux in international relations created by the end of the Cold War. The new triangle had taken clear form by the time of the South Asian nuclear tests of 1998 … Washington, Beijing, and New Delhi more frequently perceive each of their national interests as being adversely affected by an alignment of the other two against it, and thus a minuet of strategic triangular relations has resulted." Garver, John W., "The China-India-U.S. Triangle: Strategic Relations in the Post-Cold War Era," *NBR Analysis*, Volume 13 Number 5 (October 2002),

In the past, the issues in an alleged triangle concerned primarily South Asian issues. Among those cited were the "India-China border dispute, establishing nuclear deterrents, the war on terrorism, relations with Pakistan and political and economic influence in the South Asia-Indian Ocean region."[6] Washington was often seen as the principal beneficiary of a triangle. Particularly when Sino-Indian tensions escalated, the United States could "enjoy its Indian curry and its Peking duck in the same meal."[7] On the other hand, evidence that the U.S. has successfully leveraged India to achieve U.S. goals elsewhere in Asia is scant. A Chinese scholar argues, "India has not yet emerged strong enough to significantly influence Sino-U.S. relations."[8]

If the definition of a triangle is revised to include the demonstrable impact of change in one set of relationships on the policies of a third country, modern examples of a functioning triangle are few and far between. The most commonly cited concern nuclear issues, where in 2008 the U.S. made unique arrangements for India to access nuclear fuel and technology, as it pressed China to acquiesce to Indian inclusion in the Nuclear Suppliers Group. In the Indian Ocean, after Beijing expressed concern that the 2007 Indian-hosted Malabar naval exercises were designed to contain China, India modified the composition of several subsequent exercises.[9] During President Obama's November 2009 visit to China, "Indians reacted badly to the … joint statement … which mentioned mutual support for improved India-Pakistan relations. Indians immediately argued that Washington was enabling a most unwelcome Chinese role."[10]

On the global stage, India and China do share common interests. They have cooperated against U.S. preferences in international institutions such as the United Nations, the World Trade Organization, and the International Monetary Fund (IMF), as well as during multilateral negotiations on climate change. Both have been more reluctant than the United States to support intervention in the internal affairs of other sovereign states. Both have resisted and sought to water down sanctions proposed by the United States against Iran, from which both import oil. Both have rejected U.S.-supported binding restrictions on greenhouse gas emissions, including at the 2009 Climate Change Summit. This cooperation in international forums helps cushion and temper rivalry between India and China, but it is not clear how this cooperation impacts relations between them, and with the United States, in Asia.

Moreover, these countries also compete for influence within these international institutions and to secure their economic interests. For example, China opposes India's quest for a seat on the UN Security Council. Increasingly dependent on imported energy to fuel their economies, both countries search for additional energy resources, including in countries sanctioned by the West. Occasionally Chinese and Indian national oil companies have cooperated; more often they compete. India declined to participate in international sanctions against Myanmar not because it shared China's opposition in principle to intervention, but to compete more effectively with China for influence with the junta within that country.

In short, relations between any of the two countries have little consistent impact on the third in East or Southeast Asia. A triangle, such as it may be, may have an episodic impact on some global and South Asian issues.

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[6] Ibid

[7] Harding, Harry, "Evolution of the Strategic Triangle: China, India and the United States." In Frankle, Francine R. & Harry Harding (Eds.), *The India-China Relationship, What the United States Needs to Know* (pp. 321-350). New York, Columbia University Press, 2004

[8] Zhang Guihong, "U.S. India Strategic Partnership: Implications for China," *International Studies 1, 2, 3*, New Delhi, Thousand Oaks, London, 2005

[9] India limited the 2008 Malabar exercise to the U.S. and India. India participated in one trilateral naval exercise with Japan and the United States in 2007 off the coast of Japan and another in the 2009. "In April 2013, India reportedly pulled out of a planned trilateral naval exercise with Japan and the United States over concerns about China's likely negative reaction," Cronin, Patrick M., *The Emerging Asia Power Web, the Rise of Bilateral Intra-Asian Security Ties*, Center for a New American Security: Washington, D.C., June 2013, p. 30.

[10] Feigenbaum, Evan A., "India's Rise, America's Interest, The Fate of the U.S. – Indian Partnership," *Foreign Affairs*, March/April 2010

Bilateral Relations

If not as a smoothly functioning triangle, how should the relationships among China, India and the United States in Asia be portrayed? If it is premature to superimpose a China-India-U.S. triangle on the dynamics between countries that have different national priorities, strategic cultures and policy instruments they use to accomplish different goals in different parts of an "Indo-Pacific" Asia, what common experience can be used to tie these states together?

The revision of U.S. global priorities in recognition of Asia's economic and strategic centrality, most recently labelled "rebalancing," has impacted all of Asia. Whether Washington's goal is to find a solution to the challenges posed by the rise of China or not, "the tenor of the U.S.-China relationship casts a shadow over the region, under which states feel the threat of exclusion when U.S.-China relations are too close and the threat of entrapment and instability when those relations become too tense."[11]

However, even a perfectly balanced U.S.-China relationship would not produce harmony because China is only part of the puzzle. As former Secretary of State Clinton wrote, "China represents one of the most challenging and consequential bilateral relationships the United States has ever had to manage."[12] But the U.S. goal is to engage Asia, not China alone. In the past decade, Washington has revamped relations with India and Southeast Asia, in part with an eye on China but primarily for reasons intrinsic to the countries involved. The U.S. national security adviser has noted that America's current rebalancing phase is centred on Southeast Asia, not China. Bilateral relationships between the United States and China, China and India, and the United States and India help set the stage for all concerned, but they do not constitute the entire play.

A review of the sets of Indian, Chinese and U.S. bilateral relationships may, however, reveal commonalities and "disconnects" between their goals, policies and prospects, and thus guide commentary on the potential impact of a particular bilateral relationship on the third country.

U.S.-China

One prominent American scholar argues, "The United States and the People's Republic of China are today locked in a quiet but increasingly intense struggle for power and influence, not only in Asia but around the world."[13] Others point out that U.S.-China relations are arguably now better, and certainly no worse, than China's relations with most of its Asian neighbours.

These contrasting assessments are reflected in debates about the primary threat to security and stability in Asia, and thus to the prospects for cooperation and competition. Is the problem less "strategic mistrust" between Washington and Beijing than attempts by other Asian states, including India, to entangle the United States in their differences with China? Or, as many officials in India and other Asian states assume, is rivalry in the Sino–U.S. relationship more fundamental than intra-Asian tensions?

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[11] Cronin, Patrick M., *The Emerging Asia Power Web, the Rise of Bilateral Intra-Asian Security Ties*, Center for a New American Security, Washington, D.C., June 2013

[12] Clinton, Hilary, "America's Pacific Century," *Foreign Policy*, available at http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century?print=yes&page=full

[13] Friedberg, Aaron L., *A Contest for Supremacy, China, America, and the Struggle for Mastery in Asia*, New York, W.W. Norton & Company, 2011

The Sino-U.S. relationship is inherently complex and potentially unstable. The U.S. response to China's rise includes both engagement through trade and diplomacy and new initiatives to bolster U.S. capabilities in East Asia and partnerships with Asian states on China's periphery. Managing Sino-U.S. bilateral relations will remain the most important component of U.S. policy.

In the past decade, Sino-U.S. relations have oscillated within the traditional bands of both engagement and deterrence. In 2001, the Bush administration displayed a "notably less solicitous approach to China than the Clinton administration."[14] But after an incident between a U.S. EP-3 plane and a Chinese fighter in April 2001, Chinese leaders concluded that restraint was necessary to avoid further deterioration in relations. As it emphasised China's peaceful rise, Beijing moderated anti-U.S. statements and actions in Asia. Washington responded by encouraging China to become a "responsible stakeholder" in the region and the international system.

The Obama administration came to power seeking cooperation with China, which led to exaggerated fears of a Sino-U.S. G2 condominium to manage Asian affairs. Rebuffed by Beijing, Washington reacted by hardening U.S. positions. Chinese assertiveness, a transparent attempt to profit from America's domestic focus in the wake of its 2008 financial crisis and over-anticipation of America's decline, drove U.S. China policy back towards the historic equilibrium. The change was signalled, in part, by Secretary Clinton's intervention at the 2010 Asian Regional Forum (ARF) where, in diplomatic collusion with most ASEAN and several other Asian countries, she expressed concern about China's new assertiveness in the South China Sea. Relations have subsequently steadily improved, a trend reconfirmed during the most recent summit between China's new leader Xi Jinping and Obama.

Two basic problems are maintaining a rough balance of power in East Asia and managing the bilateral economic relationship. In the background are contrasting preferences for organising foreign relations in East Asia.

From Washington's perspective, China has begun, albeit for defensive purposes, to alter a key element in the rough balance of power between continental and maritime powers that has been largely successful in preserving stability and peace in Asia for the past fifty years.[15] China is investing in anti-access and area-denial capabilities to dissuade conventional U.S. air and naval forces from entering waters it considers vital to the defence of China's coast. China's improved capabilities threaten to create a security dilemma for Asian countries that rely on a U.S. security umbrella.

From Beijing's perspective, defence of China's mainland and maintenance of China's territorial integrity are fundamental. The primary driver in China's strategy has long been to deter Taiwan from declaring independence, by force if necessary. At the same time, China seeks to enforce its interpretation of its rights in its Exclusive Economic Zones, uphold its claims to disputed territories in the East China and South China Seas, and protect and promote its maritime economy.

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[14] Sutter, Robert G., *Chinese Foreign Relations, Power and Policy since the Cold War*, Lanham, Md., Rowman & Littlefield, 2008

[15] For half a century, the offshore presence of the United States and its allies balanced the power of China and the Soviet Union, and neither side had the "ability to project conventional military power into the realm of the other." McDevitt, Michael, "The Evolving Maritime Security Environment in East Asia: Implications for the US-Japan Alliance," *PACNET #33*, May 31, 2012

Viewed from Beijing, the United States is at the centre of regional and territorial disputes between China and its neighbours, whether by design or because other Asian states have implicated the U.S. as a protagonist. Whether or not the United States is quietly coordinating a surreptitious containment strategy, "China suspects that the U.S. is trying to counter-balance, if not contain, it through alliances with Japan, Australia, and South Korea and by befriending India."[16]

The U.S. economy is deeply intertwined with Asia. About one-third of U.S. merchandise trade is now with Asia. China and Japan are the second and third largest U.S. trading partners. Sino-U.S. trade, at about US$536 billion in 2012, includes an unsustainable U.S. trade deficit. Despite domestic calls for the protection of U.S. industries, the American response has consistently been to seek more balanced trade by increasing U.S. exports to Asia, in part by prying open Asian markets. Negotiations for a twenty-first century free trade agreement, the Trans-Pacific Partnership (TPP), are now underway, which may indirectly moderate the trade deficit. A dysfunctional U.S. Congress must approve U.S. participation in the TPP.

In the background is a disconnect between China's preference for a hierarchical, perhaps essentially benign, order in East Asia and the U.S. preference for China's participation as a "responsible stakeholder" in the current international system. Accordingly, to promote U.S. national security interests, Washington places great emphasis on principles, such as the peaceful settlement of disputes, adherence to international law, free and open commerce, and unimpeded access to the global commons.

One American scholar believes, " In the long run, the United States can learn to live with a democratic China as the preponderant power in East Asia, much as Great Britain came to accept the United States as the dominant power in the western hemisphere."[17]

U.S.-India

In the first few years of the twenty-first century, New Delhi and Washington overcame decades of suspicion to forge a "strategic partnership." In return for a reversal of U.S. nuclear non-proliferation policies, Washington bet "that a more powerful India will help the United States directly oppose worrisome Chinese policies, indirectly balance China by drawing away Beijing's attention and resources, and provide net security benefits in South Asia and beyond."[18] Thus far, this bet has produced less than expected.

In fact, balancing China's rise was an "important subtext in the dramatic expansion of the Indian-U.S. relationship during the Bush years."[19] However, Washington's initial focus was squarely on the sub-continent and the Indian Ocean. More recently, former Secretary of State Clinton publicly called on India to not only "look East," but continue to engage and "act East" as well, with little discernible effect.

Many American officials also hoped for a significantly expanded security relationship, increased access to the Indian market for U.S. products, services and investments, and broad diplomatic support. With Washington, New Delhi has entered into an enhanced dialogue, including through tripartite India-U.S.-Japan talks, permitted a

[16] Han Sung-Joo, "The U.S. Role in Northeast Asia," *America's Role in Asia*, San Francisco, The Asia Foundation, 2008
[17] Friedberg, Aaron L., *A Contest for Supremacy, China, America, and the Struggle for Mastery in Asia*, New York, W.W. Norton & Company, 2011
[18] Gilboy, George J. & Eric Heginbotham, "Double Trouble: A Realists View of Chinese and Indian Power," *The Washington Quarterly*, (Summer 2013), p. 125-142
[19] Mohan, C. Raja, "India's Quest for Continuity in the Face of Change," *The Washington Quarterly*, Vol 31, No. 4 (Autumn 2008), pp. 143-153

gradual expansion of military-to-military links, adjusted its defence acquisition policies to purchase $10 billion of U.S. military equipment, slowly and tentatively opened the door for more foreign investment, and reluctantly participated in some sanctions to slow Iran's acquisition of nuclear weapons. By 2012, Indo–U.S. trade had grown to US$63 billion, but U.S. investment has essentially stalled.

Disappointed Americans continue to believe. "India's idealists in the United States have argued that the U.S. down payments on future Indian behaviour have been necessary to persuade India to cooperate with the United States at all. However, (U.S.) geostrategic support and security assistance are likely to pay disappointing dividends without first building a foundation of common political, economic and military interests upon which specific agreements can be developed that allow both sides to benefit. Reciprocity, not hope, is the bedrock of stable and mutually beneficial relations between nations."[20]

The Indian calculus is different. Self-absorbed, obsessed with its own status, and lacking an articulated national security strategy, New Delhi has nonetheless managed to play its weak hand with considerable success. Prime Minister Singh invested domestic political capital in securing agreement to a nuclear deal to which India was entitled. In return, New Delhi has been careful to pay as little as possible. India needs to consolidate its position in the sub-continent and protect its interests in Afghanistan, Iran and the Persian Gulf before it extends its strategic reach to the East. Moreover, despite fears of China's intrusion into the sub-continent and Indian Ocean, New Delhi has clung to the "holy grail" of Indian foreign policy, or "strategic autonomy," and maintained its "all azimuths" deterrence against all nations. Senior Indian officials, wary of a subordinate role in an Indo-U.S. partnership, have expressed reservations about the new American concept of an Indo-Pacific region.

Some Americans see little difference between China and India and argue that "the evidence suggests that, rather than a hopeful future where the two rising Asian giants balance each other to the benefit of the existing superpower, the rise of China and India is more likely to present compound challenges."[21] This argument is unconvincing, if for no other reason than because U.S. and Indian security interests in Asia are not in conflict. Moreover, there is no alternative in South Asia. The United States had little choice but to adjust to India as the predominant power in the sub-continent, and it has done so.

China-India

India and China are "more rivals than partners."[22] Indian views on China are ambivalent. Bilateral relations with China are "shot through with suspicions and expectations of an inevitable clash of interests … but China receives only episodic attention from the Indian government."[23] After some progress in the early years of the century, relations have stalled. India's armed forces remain warily focused on China's military capabilities. Interpretations of the landmark 2005 agreement on the Sino-Indian border continue to differ; no progress is expected in the foreseeable future.

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[20] Gilboy, George J. & Eric Heginbotham, "Double Trouble: A Realists View of Chinese and Indian Power," *The Washington Quarterly*, (Summer 2013), p. 125-142

[21] Ibid

[22] "Pass impasse," *The Economist,* February 4, 2010 (Name of writer not known)., quoted in Lyon, Rod, "The India-China relationship: a tempered rivalry?," *Policy Analysis 61*, Australian Strategic Policy Institute, May 20, 2010

[23] Jacob, Jabin T. "India's China Policy: Time to Overcome Political Drift," S.Rajaratnam School of International Studies, Nanyang Technological University, June 2012

India's civilian leadership was initially attracted by the commercial possibilities involved in expanding trade, but the hoped-for exchange of Indian services for Chinese manufactures has not taken place. India exports primarily raw materials in exchange for Chinese manufactures. Unable to compete effectively, New Delhi has deliberately slowed the penetration of the Indian domestic market by Chinese goods. Moreover, the quest for ever-larger quantities of energy abroad, often in intense competition with Chinese national oil companies, will be a major issue shaping the relationship in the future.[24]

New Delhi and Beijing have cooperated at the United Nations and other international organisations, and during multilateral negotiations on energy and climate change issues. At the Asian regional level, New Delhi has successfully sought inclusion in ASEAN-based multilateral forums and has quietly joined diplomatic coalitions blocking Chinese diplomatic initiatives therein. However, its contribution to Asian diplomacy remains marginal.

At the heart of Sino-Indian relations remains Beijing's support for a nuclear-armed, failing state on India's border. Clashing interests in Afghanistan loom on the horizon. With an economy about a quarter the size of China's and with economic growth decelerating, India is likely to remain cautious in pursuing its interests outside South Asia. [25]

Beijing tends to see India more as a difficult neighbour rather than as a direct strategic rival. It is less concerned with Indian diplomatic and commercial initiatives in East and Southeast Asia than it is with Indian ambitions for predominance in South Asia and the Indian Ocean littoral. However, China has not sought to supplement its commercial penetration of the Indian Ocean littoral with new security arrangements to protect its energy lifelines. China's primary security concerns lie closer to home. At this time, "Beijing has decided that its optimal strategy for protecting its lifeline remains diplomacy. This includes maintaining stable relationships with India and the United States."[26] Until China is confident of its ability to neutralise U.S. naval power within the first island chain in the Pacific, it will have little naval capacity to spare for the Indian Ocean.

Meanwhile, the May 2013 visit of Chinese Premier Li Keqiang accomplished little in resolving basic issues in the bilateral relationship. The Sino-Indian border dispute, more than fifty years after China defeated India in a border war, continues to bedevil relations. Beijing can stress bilateral trade, which has increased rapidly (US$66 billion). But, with a consistent trade surplus in China's favour (US$29 billion), economic ties remain as much a source of friction as a common bond. In addition, looming on the horizon are water supply issues when China, desperate for additional clean energy, dams rivers flowing from the Tibetan plateau to the Indian sub-continent.

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[24] Andersen, Walter K., "The Rise of India and China: Impact on Asia," Shanghai Forum Conference Paper, Published in Chinese in Shanghai Forum Annals, May 2008

[25] In 2007, Goldman Sachs predicted that India's GDP would be U.S. $1,256 billion in 2010, compared to a Chinese GDP of U.S. $4,667 billion. It predicted that the disparity is likely to grow over the coming decade. For 2030, the Goldman Sachs predicted a Chinese GDP of U.S. $25 billion and an Indian GDP of U.S. $6 plus billion.

[26] Jingdong Yuan, "China and the Indian Ocean: New Departures in Regional Balancing." In John Garofano & Andrea J. Dew, (Eds.), *Deep Currents and Rising Tides, the Indian Ocean and International Security* (pp. 157-184), Washington, D.C.: Georgetown University Press, 2013

Common interests

Rivalry is cushioned not only by different priorities, but also by common interests. Although they can lead to friction as well, these include mutually beneficial trade and financial ties, shared concern about climate change and diminished natural resources, and a common interest in a peaceful maritime commons.

The benefits of trade and investment need no further elaboration, though they are not shared equally. More interesting are the possibility of managing threats to the environment and the global commons.

China is the world's worst polluter.[27] In 2007, China overtook the United States as the world's biggest emitter of greenhouse gases. Though China is "doing more damage to the stability of the global climate than any other country," China is also prepared to spend US$275 billion over the next five years to clean up the air.[28] It is not yet clear how effective Beijing will be in balancing short-term economic growth and the reduction of pollution. Nonetheless, the costs to China of pollution are so high that U.S. and Chinese interests are converging. An agreement was reached to try to phase out hydrofluorocarbons (HFCs) at the September 2013 G-20 summit.

All three states have a fundamental interest in a safe and peaceful maritime commons. With China and India dependent on imported energy transported from the Middle East and Africa and with their economies reliant on seaborne trade, maritime security has become a prominent issue. The exploitation of energy resources in the South China Sea and of new technology to access shale oil will not change the fundamentals of this dependence. In addition, fisheries provide a major source of protein for their populations. The United States Navy remains the primary guarantor of freedom of navigation, but China and India contribute to high profile anti-piracy operations off the coast of Africa. Additional transnational challenges, such as the smuggling of arms, drugs, and people across the seas and illegal fishing make it more urgent for states to cooperate.

Conclusions

Analysis of Sino-Indian-U.S. relations suggests the following rather predictable conclusions:

1. India and the United States share similar concerns about China. "Strategic mistrust" corrodes relations between China and both India and the United States. China runs large trade surpluses with both India and the United States.
2. The U.S.-India relationship has unrealised potential. U.S. and Indian national interests converge more than those of China with either India or the United States.
3. Competition and cooperation in one set of bilateral relations among China, India and the United States has little immediate and predictable impact on the third party. It may have more influence over time, but that is particularly difficult to demonstrate.

[27] Emmott, Bill, *Rivals, How the power struggle between China, India and Japan will shape our next decade,* Orlando, Florida, Harcourt Books, 2008, According to the Center for Environmental Law and Policy of Yale University, of 133 countries on their "environmental performance index" China ranks ninety –fourth and India one hundred and eighteenth, p. 182

[28] "The East Is Grey," *The Economist*, August 10, 2013, pp. 18-21

4. It is occasionally possible to track the reaction of one state to developments in the bilateral relationship of the other two, principally in South Asia and on the global stage.However, no discernible pattern is evident.
5. Asian integration reduces the relevance of "triangular dynamics".
6. Relationships are asymmetric. India is not only comparatively weak, but its commitment to "strategic autonomy" limits New Delhi's ability to forge stable partnerships with other countries.[29] India is reluctant to spend scarce resources to compete in East and Southeast Asia.
7. China views foreign relationship as hierarchical. Beijing does not consistently factor India into its crucial relationship with the United States. Moreover, the economic and military gaps between China and India are widening, not diminishing. Over the next decade, China may have even fewer reasons to accord India the status of a "peer competitor" in Asia.
8. A triangular relationship appears most likely to come into play when important national security interests of the three states collide. Sino-Indian relations may hit a bad patch as tensions mount with Pakistan and China after the U.S. withdraws from Afghanistan.

Policy Implications

To those who stress security as the bedrock for stability in Asia, moderating "strategic mistrust" between China and the United States is crucial. Intensified rivalry between China and the United States would lead both countries to pressure other Asians states to choose sides, thus restricting their room for manoeuvre.

The United States remains essential for stability in Asia. In Asia, it remains a global power without territorial claims, prepared to underwrite security, ready to accept an unfavourable balance of trade, and inclined to stress adherence to rules and norms that benefit all. Even as its economic predominance wanes and its extraordinary commitment slowly diminishes, it must continue to focus on Asia.

While the U.S. is recalibrating its commitments to Asia, Beijing needs to remain cautious. Another bout of Chinese assertiveness in anticipation of America's decline, such as the transparent attempt to profit from America's domestic focus in the wake of its 2008 financial crisis, could be de-stabilising. Beijing's will have to manage China's nationalism to ensure that its ambitions don't get out of hand.

Finally, India needs to abandon illusions about again playing a non-aligned role, this time between the U.S. and China, and help diminish the intensity of competition in Asia.

In short, while the U.S. slowly steps back, and China slowly steps forward, India needs to slowly step up.

[29] C. Raja Mohan, "India, China and the United States: Asia's Emerging Strategic Triangle." *Strategic Snapshots, Snapshot 8*, Sydney, Australia, February 2011

Author's Biography

Bronson Percival is a retired U.S. diplomat and former professor at the U.S. Naval War College. Now a Senior Advisor with the Center for Strategic Studies at CNA (Center for Naval Analysis), he was recently a Visiting Senior Research Fellow at the Institute of Southeast Asian Studies in Singapore and a Visiting Fellow at the East-West Center in Washington. His book, *The Dragon Looks South: China and Southeast Asia in the New Century* (2007), explores China's goals and objectives in Southeast Asia and the region's responses. Percival has written extensively on Southeast Asian, South China Sea, and Indian Ocean security issues. He was educated at the University of California-Berkeley (A.B.), the National War College (M.S.), and the University of Chicago.

About the Project on Strategic Stability in the 21st Century Asia

Since June 2012, this project by the Institute of Defence and Strategic Studies (IDSS is a constituent unit of RSIS) has been engaged in identifying and analysing the key sources of strategic stability and instability in contemporary Asia. We sought to augment the prevailing understanding of how forces that stabilise Asia can be strengthened, and how forces that destabilise Asia (or have the potential for doing so) can be managed, and their adverse effects mitigated or contained.

The project addresses three key research concerns: First, examine major power relations in Asia. Second, analyse interstate dynamics within the maritime domain. And finally evaluate the impact of new and emerging military technologies in Asia. To that end, we organised three workshops during January-February 2013. We also commissioned a number of policy briefs, research papers, monographs, and edited volumes on critical security issues that have the potential to affect the security order in Asia over this decade.

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The S. Rajaratnam School of International Studies (RSIS) is a professional graduate school of international affairs at the Nanyang Technological University, Singapore. RSIS' mission is to develop a community of scholars and policy analysts at the forefront of security studies and international affairs. Its core functions are research, graduate education and networking. It produces cutting-edge research on Asia Pacific Security, Multilateralism and Regionalism, Conflict Studies, Non-Traditional Security, International Political Economy, and Country and Region Studies. RSIS' activities are aimed at assisting policymakers to develop comprehensive approaches to strategic thinking on issues related to security and stability in the Asia Pacific.

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