

The US, China, and India: The Future of the Indo-Pacific

A CASI Nand & Jeet Khemka Distinguished Lecture

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Mr. Dhananjay Pai & Mr. Sanjiv Sobti, co-chairs of the International Advisory Board of CASI, Members of the Board, and Prof. Tariq Thachil, the Director of CASI.

Distinguished guests, Ladies & Gentlemen,

I am deeply thankful to the Center for the Advanced Study of India (CASI), which has been a leading institution for research on India & South Asia for more than thirty years, and to Nand & Jeet Khemka Foundation, for inviting me to deliver today's annual lecture for 2023. I am conscious that I follow in the wake of many distinguished predecessors. I hope that I can do justice to the honor done to me by CASI.

Our world is clearly adrift in an ocean of tall waves and high winds. When, in 1989, the Cold War ended, our world seemed to stand on the threshold of a new century. A world order that was more equal, open, liberal, and democratic.

If people had said then that the new American century might be fleeting, that China's rise would be sudden and dramatic, or that our world could change because planes crashed into buildings or because of a virus with a crown, we might have dismissed such thinking as pessimistic or fanciful. Yet the events of the past 30 years make me recall the immortal words in an ancient Indian text, the Mandukya Upanishad. The past, the present, and the future are the three states (*trikaal*) of the world of time. Nothing exists permanently. We are always in the midst of great change.

- This world of ours is simultaneously navigating two major changes.
- A Once-in-millennium change – Prosperity is returning to the East.
- A Once-in-a-century change – The global order is being re-configured.
- Both are vital to our understanding of the future of the Indo-Pacific.
- Between 1492 and 1522 three events marked the millennial shift.
- 1492 – Columbus – *Santa Maria* – discovery of the New World
- 1498 – Da Gama – *Sao Gabriel* – discovery of sea-route to India around Good Hope
- 1521 – Magellan – *Victoria* – circumnavigated the globe
- It fundamentally altered the global balance.
- According to Angus Maddison, from 1 CE – 1500 CE – world's largest economies were China, India, the Islamic caliphates. Post 1600 CE – the west progressively replaced them.
- Great economies of the East descended into a long, cold & grey winter. Gravitational center moved from the Indo-Pacific to the northern Atlantic.
- Power is fluid, it flows like water along whosoever creates the channels.
- Between 1600 CE and 2000 CE it flowed from Catholic monarchies of Spain and Portugal, to the Dutch, then to France, then in the 19th century to the British Empire, and after 1914 to the United States.

- But it always flowed along the Atlantic axis, from one western hegemon to the next.
 - In the 21st century, however, we are witnessing a reverse flow.
 - Indo-Pacific is leading global growth. Emerging markets growing faster than developed markets. Various projections show India, China and Indonesia among the world's leading economies. We might argue the statistics but it is difficult to question the broader trend.
 - There are some concerns – Chinese slowdown, protectionism, geo-political hotspots.
 - But after half a millennium the global balance is shifting to the east.
 - This shift is accompanied by a second major change.
 - The post-WWII global order is fraying.
 - UN's credibility is at its lowest in many decades.
 - The Bretton-Woods institutions, which were the foundation of global prosperity since 1945 are out of touch with new realities.
 - Technology is empowering not just the west but also the rest.
 - In 2023, what is undeniable is the rise of China & other Indo-Pacific nations; the relative diminution of west's global influence. The middle powers are challenging established western narratives (re: Ukraine); emerging powers re-defining global value systems.
 - We are living in a NEW WORLD in which the theater of greatest action is no longer the Mediterranean-Atlantic but the Indo-Pacific.
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- In the Indo-Pacific, two narratives have gained currency.
 - One – China's rise and accompanying thirst for energy, markets, commodities and influence unified the two oceans in a new post-Cold War construct. China is, therefore, "true progenitor" of the Indo-Pacific, US merely a respondent.
 - The second narrative claims that the US is the real progenitor of the Indo-Pacific, first pro-actively aiding China's tidal rise to lift all other boats in the Indo-Pacific and now, again pro-actively, leading the pack to balance a risen China. China is, therefore, reacting to America's shaping of the Indo-Pacific.
 - This did not matter so long as both appeared to collaborate on common goals and manage their differences in ways that helped the Indo-Pacific region.
 - However, of late, the competitive spirit is giving way to a sharper rivalry. Both major powers contend that the initial promise of a new era in international relations was denied because of the actions of the other. The facts don't count. The prevailing view in Washington and Beijing that the other side is working against them, is clouding the prospects for others in the Indo-Pacific. The debate is, therefore, all about the United States of America and the People's Republic of China – their policy, their interests, their concerns.
 - In short, there is an effort to portray a binary geo-political dynamic at work in the Indo-Pacific, and one that denies agency to others in the region.
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- It is a fact that the US and China are, by far, the two most consequential powers.
 - It is also true that the Indo-Pacific region has benefitted from American security and Chinese economics when both had convergent interests.
 - But it is also true that neither is the US any longer capable of solely or even predominantly guaranteeing peace and stability in the Indo-Pacific; nor is China's decelerating economy a sole engine of global growth.
 - In the changing power dynamics of the region, their diverging interests are likely to plunge the Indo-Pacific into tension and uncertainty that could potentially harm the rest.

- We are being compelled to choose. Choose between:
 - Competing visions – a values-based order v. one based on mutual interest.
 - Competing formulae – a “free, open, prosperous and secure world” v. the “community for the shared future of mankind.”
 - Competing frameworks: Western-led liberal order v. GSI, GDI, GCI.
 - Competition between them threatens to become destructive to the region.
 - Unreservedly accepting such binary framing of competition in the Indo-Pacific, condemns the rest to choose.
 - I believe that Indo-Pacific states should not be handed such a binary choice.
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- The big question. Who will act as the “balance” or the “bridge?”
 - Difficult for many Indo-Pac states to criticize China because most are economically intertwined and the proximate states are strategically vulnerable.
 - Difficult for Indo-Pac states to criticize US because many are allies or partners.
 - ASEAN was an obvious nucleus for playing “balancer.” Its “centrality” had been universally acknowledged. It has evolved mechanisms for regional dialogue.
 - Since 2016, however, ASEAN has demonstrated strategic weakness in the face of Chinese assertiveness.
 - The other player that could, potentially, change the dynamic is India. Very recent paper by the European Parliamentary Research Service (July 2023) acknowledges “The US, China and India are three of the most important strategic players in the region.”
 - India: Long-term growth potential; demographics; stable political framework; independent military capabilities; geo-strategic location; positive image in the region.
 - No other state / group in Indo-Pacific presently have both the economic & military capacity.
 - In the next ten years, therefore, the Indo-Pacific is likely to see the emergence of a triangular balance in this decade. US & allies, China and India.
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- The US will remain the most consequential power in this decade. It is presently the only country that has the capacity to project military and economic power simultaneously in both oceans.
 - It holds credibility because it has underpinned Indo-Pac stability since 1945, helped to prosper the whole region, and has “managed” tensions since end of Cold War.
 - For the overwhelming majority of region, America’s strong resident presence still remains a huge positive.
 - US is the fulcrum state in the very idea of the Indo-Pacific. Without the US there cannot be an Indo-Pacific century.
 - But, the US has not cogently set out an Indo-Pacific strategy beyond China. It needs to clearly enunciate its interests, concerns and plans in granular detail for each of the four distinct sub-sectors – north-east Asia, south-east Asia, south Asia and the south Pacific.
 - This is important for two reasons: (1) Others need to believe they are part of a positive Indo-Pacific plan rather than simply a “stop-China” plan; (2) because potential US rivalry with China in these sub-sectors of the Indo-Pacific might undermine efforts by others to pursue stability in the region. America and its partners should not work at cross-purposes, even unintentionally.
 - A clearer enunciation of US Indo-Pac strategy beyond China would re-assure the whole region of the US commitment as well as promote better coordination between the US and its partners in building a 21st century Indo-Pacific framework that benefits the whole region.

- By comparison, China is still an unknown factor in the Indo-Pacific in terms of “peace & security.” Its positive image owes largely to its trade and economic outreach.
 - Its strategic vision and its ambitions still remain “cryptic” for most in the Indo-Pac region. It has tended to disguise its strategic intention. Its actions suggest that China is actively pursuing hegemony in this region.
 - Its actions in the periphery are not always in consonance with its stated foreign policy principles.
 - It lacks transparency. It rejects the Indo-Pacific idea but does not adduce reasons for that beyond calling it an American “plot” to “contain” China.
 - It too has not spelled out its “Asia-Pacific” policy in granular detail beyond sweeping generalizations like “win-win cooperation” or the “five principles of peaceful co-existence.” What, for instance, is its policy toward south Asia, the Indian Ocean or the South Pacific?
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- Like the US, China too has legitimate maritime interests.
 - Indo-Pacific is the crucial life-line for Beijing’s economy.
 - It has energy dependency on this region.
 - It is a major global ship-builder and maritime fleet.
 - It has massive financial investments across the Indo-Pac.
 - These factors legitimize its pivot toward the Indo-Pacific.
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- One the other hand, the speed and scale of its naval expansion is surprising and not consonant with its strategic declarations. Overtook the US Navy in 2019 as the world’s largest naval fleet. (currently 340 platforms going to 440 ships by 2030; US at 294 platforms going to 290 ships by 2030).
 - The requirements of a large para-military maritime capability, need for forward operating bases in Djibouti (Gulf of Aden) and Riem (Malacca strait), increasing number of clandestine intelligence and hydrographic activities in northern IO and adjoining seas, joint mil exercises with external parties (Russia) in Arabian Sea – such behavior and activities go beyond what China describes as “defensive actions” to secure safe passage when others might be trying to control navigation in the strait. (*Malacca Dilemma*).
 - China should clarify its strategic intentions and its military doctrine with respect to the region – on both land and on the seas, if it is to build the kind of confidence that the US has built with the region. And its activities must be in consonance with the principles in espouses; it must practice what it preaches to others.
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- So, as we enter the third decade of this century, what does the Indo-Pacific picture look like?
 - The good thing is that the two greatest powers in the world, who jointly have the capacity to make the world a better place in the 21st century, are committed to the Indo-Pacific/Asia-Pacific.
 - However, they are increasingly seeing themselves in a competitive, even adversarial relationship, rather than primarily a cooperative and a mutually beneficial one.
 - Taiwan is the most likely flashpoint. An equal concern might be what one recent scholar (Siamak Tundra Naficy – *Balancing Acts: Navigating Power Dynamics in a Changing*

World Order) described as a “Eurasian super-threat” – China & Russia having a common adversary.

- The possible summit next month in San Francisco may lead to a thaw, but positions are far apart and there is no guarantee that a modus vivendi will emerge or hold.
- We are, thus, at the inflexion point. If China and the US decide that confrontation is inevitable, the Indo-Pacific region might not benefit from the serendipitous congruence of demographics, geography, technology, and markets that could unlock enormous potential for all.
- Hence, it will require the joint efforts of several other Indo-Pacific players to overcome mutual antagonism between the US and China. India is one of them.
- India has some obvious advantages, besides its economic and military capacities.
- It shares with China the status of a civilizational state and can empathize with China’s desire to play a larger role commensurate with its historical and current situation.
- At the same time, India’s democracy, its tradition of pluralism and its open society are traits that it shares with the United States, and it can empathize with western values in building a sustainable framework in which all countries might prosper equally.
- In that sense, India straddles both worlds.
- The question is whether India sees itself as “balancer” or “bridge?”
- Playing balancer is the easier option, becoming a bridge is the wiser one.
- In the short-term, relations with China are expected to remain abnormal. A situation of armed co-existence will prevail.
- Absent trust, India is likely to follow a hedging strategy on China which involves stronger regional relationships, and strategic partnership with the US. Ties with Japan, Vietnam, Singapore, Australia, and Russia will remain important in this context.
- In the longer term, India’s own interests could, possibly, encourage it to be bridge-builder.
- Why is that?
- It will become apparent in time that while the Indo-US partnership will be the defining foreign policy relationship for India, India and the US do not have a complete identity of either values or interests. This might cause friction that will need to be properly managed. This is the most promising Indo-Pacific relationship of this decade, but if it turns into a “dialogue of the deaf” on the question of values, we will fail yet again, as we did in the 1950s, to become “natural partners” (as PM Vajpayee called it).
- It will also become apparent that China’s economic and military capacities in the region, and diplomatic influence, cannot be wished away if India hopes to play a growing role. We are already in the Asian century. We are not in a zero-sum game with China. Both of us are seeking a bigger role in the global order. It is not in the interest of either to allow friction and disagreement to spill over into conflict or long-term estrangement. Some form of engagement that accommodates mutual interests will be needed. It is only then that we can play the role of “bridge.”
- For India, in the medium term, it will be best if we can use our leverage as the third pole in the triangular balance of power to help manage the Sino-US competition rather than to exacerbate it.
- Being a bridge will mean that India might have to do a few things.
- India should resume its political dialogue with China to re-build trust and understanding that was seriously undermined as a result of Chinese actions in 2020.

- When we are able to do so, India's long history and presence in the Indo-Pacific could also be utilized to persuade China that not everybody in the region shares their view that western civilization and values are antithetical to the region. China's insistence on Asia for Asians alone is viewed by others as the thin end of the wedge of Chinese hegemony. Insisting upon a Chinese-led regional order underpinned by Asian "values" is not only unrealistic but will be as unsustainable in keeping the peace in the Indo-Pacific as a US-led values based order was in preserving stability in Europe. There are no Asian values just as there are no universal values.
- India also needs to get the US to acknowledge that its future lies in the Indo-Pacific, where other nations – China, India, Indonesia, Japan, ROK, Saudi Arabia – will assume more significant roles. India should join US allies in urging the US to adopt a more flexible approach to adjust to this new reality, instead of simply viewing it as a disruptive or harmful.
- India is uniquely placed to explain to the United States that a rules-based Indo-Pacific order cannot be equated entirely with a western values-based system. The Indo-Pacific has had many civilizations that, for centuries, evolved independently from western civilization, with their own culture, ethics and values. The west needs to recognize this fact and accommodate the values of others.
- US insistence (and by its western allies) on western values will not resonate in large parts of the Indo-Pacific, and thus will not be helpful to western interests. Lessons should be drawn from the war in Europe. A western-led values-based security order that failed to accommodate Russia, collapsed with adverse consequences for the entire continent.
- Besides engaging the two major powers, India's efforts must be directed toward building a regional coalition of like-minded countries who share India's understanding of what the regional rules-based order might look like. India enjoys goodwill in the Indo-Pacific. It is seen as a positive and stabilizing influence. Working with and through ASEAN-built platforms, as well as through bilateral partnerships, India could coordinate the voices of the others so that binary choices are not forced upon them.
- Through ASEAN mechanisms and plurilateral platforms like the QUAD it should, then, become possible to work the contours of a rules-based order can be fleshed out in order to build consensus in the region. That consensus has to include China. It must, therefore, be the common objective of the US, China, and India to work in this direction.
- In conclusion, therefore, the global landscape has changed. This is the Indo-Pacific century.
- It should not be reduced to a binary dynamic between the US and China. Others who have rising stakes must take responsibility to shape it. India has the greatest potential.
- The next 10 years will be a decade of uncertainty as the principal actors in the Indo-Pacific realize that the region is more multi-polar than either the US or China thought to be the case, hopefully learn from the mistakes of Europe, and evolve a consensual rules-based order with others, including India, that keep the realities of the Indo-Pacific in mind.