

INDO-PACIFIC STRATEGY
in the
QUADRILATERAL
SECURITY DIALOGUE



CHINA
INSTITUTE



INTRODUCTION

In early 2022, Global Affairs Canada announced its intention to develop a “[comprehensive Indo-Pacific strategy](#)” to guide Canada’s increased engagement in the region. The document will steer Canadian efforts to expand its diplomatic footprint in the Indo-Pacific, contribute to Western efforts to counter China’s growing influence, and further [key Canadian objectives](#) such as trade diversification and expansion, combating climate change, and international development.

Experts have [long called](#) for the government of Canada to develop and implement an official, comprehensive strategy for the Indo-Pacific, as many of Canada’s allies have already done. Canada faces an important set of challenges in the Indo-Pacific, not least of which is its strained relationship with Beijing. [Recent diplomatic tensions](#) are pushing Canada to

diversify its diplomatic, economic, and security ties in the region, and potentially reduce Canada’s reliance on China with regard to trade and investment.

To contextualize Canada’s choices in the Indo-Pacific, this analysis studies the Indo-Pacific strategies of Japan, India, Australia, and the United States - the members of the Quadrilateral Security Dialogue (QSD or commonly, “the Quad). The Quad is an ongoing security discussion that aims to promote security in the region and ensure a “rules based maritime order in the South and East China seas.” It represents one of the most important strategic and security dialogues in the Indo-Pacific, and Canada is closely linked with each of the members. Canada’s Indo-Pacific strategy will undoubtedly be heavily informed by the policies of Quad members.



AUSTRALIA

Of the Quad members, Australia shares the greatest similarities to Canada as a Western middle power. Both are English-speaking former British colonies with similar histories, culture, population sizes, and governments. The key difference, however, is Australia's proximity to China and the wider Indo-Pacific as compared to Canada.

Geography forces Australia to prioritize its Indo-Pacific strategy and, specifically, its ties with China more centrally than Canada. On one hand, Australia enjoys deep economic ties with China, which are of mutual benefit to both sides. On the other hand, Australia's proximity to and reliance on China means that the countries could face severe consequences as a result of bilateral tension as well as tensions between China and US-aligned countries generally. As China becomes more important to Canada's geopolitical calculations and tensions persist between Ottawa and Beijing, Australia serves as an excellent case study for how a Western, US allied middle power navigates a complex and often tense relationship with China, and how that relationship influences Australia's overall Indo-Pacific strategy.

Australia's current Indo-Pacific strategy rests on a few key pillars: (1) to resist decoupling and instead deepen relations with both China and the US in

order to dilute strategic rivalries, (2) to forge strong bi-lateral partnerships with regional democracies, and (3) to promote regional multilateralism.

Australia's view on the Indo-Pacific region reflects an enduring centrality of the US to the Australian defence strategy. Australia, along with Japan and the Republic of Korea, has long been one of the most important partners through which the US has brought about its strategic vision for the Indo-Pacific. However, China is Australia's biggest trading partner, despite their differences. As the US-China rivalry unfolds, Australia, to a greater extent than Canada, is at risk of being caught in an ideological, economic, diplomatic, and security crossfire. Nearly ten years ago Australia-China relations were poised to blossom into friendship and alliance as Australia considered teaching Mandarin in schools and invited the Chinese President to address their parliament. Now, Australia is investing heavily in their military, procuring nuclear submarines ostensibly to counter a perceived threat from China.

While Australia's foreign policy closely follows the US they do have its own unique objectives, namely, to maintain regional stability in order to avoid the consequences of being embroiled in the US-China conflict. Therefore, Australia [seeks](#) to promote multilateral agreements, primarily with regards

to trade, that include both the US and China which they hope will help mitigate tensions. Australia's uniquely high interdependence with China makes decoupling much more challenging, which partly explains their demonstrated preference for deepening engagement with both superpowers to promote stability. Another of Australia's Indo-Pacific strategic cornerstones is its bilateral relations with nearby democracies, namely Japan, Indonesia, India, and the Republic of Korea to promote "[a stable and prosperous Indo-Pacific](#)". Lastly, Australia sees ASEAN as vitally important to [convening the region's strategic forums such as the East Asia Summit \(EAS\)](#) and securing its own future economic prosperity. Therefore, Australia's foreign policy is not only pulled by US interest but is aimed at supporting a regional order that [ensures an increasingly prosperous, outwardly-focused, stable and resilient Southeast Asia](#).

DIPLOMACY

2022 marks the 50 years of official Australia-China diplomatic ties. As with Canada, Australia's diplomatic relationship with China has had its ups and downs, but has seen a rapid deterioration in recent years. Australia has a deep and continuing economic relationship with China, characterized in particular by strong trade bonds; China is Australia's largest trading partner and Australia is a leading source of natural resources for China. Decades of implicit concessions to accommodate each other's economic interests and political discordances have left China and Australia complexly intertwined. For Australia, providing many of the commodities vital to Chinese industry is lucrative, but there are growing concerns regarding China's respect of human rights and increasingly belligerent behaviour in the Indo-Pacific - right on Australia's geopolitical front door. Beijing's establishment of an Air Defence Identification Zone in the East China Sea and the arrest and detainment of ethnically Chinese Australian citizens, Cheng Lei and Yang Hengjun, in China are recent examples of deterioration in China-Australia relations. On the other hand, China accuses Australia of being anti-China and of cultivating a "cold-war mentality" by siding with the United Kingdom and

the United States through the AUKUS, the Quad, and other initiatives. Australia's growing implied support toward Taiwan has also contributed to antagonizing Beijing.

Thus, China-Australia relations are at their lowest point in decades, impacting all other aspects of the Australia-China relationship and with no near-term resolution in sight. Chinese Ministers have been banned from meeting or calling their Australian counterparts since early 2020, due to worsening relations exacerbated by the [Australian Government's calls](#) for an international investigation into the origins of COVID-19 in China. Poor relations have spilled over into other areas of the bilateral relationship, most notably in the economic domain; China has introduced numerous tariffs on key Australian exports to China including; beef, barely, wine and coal, which remain in effect today. The introduction of diplomatic tensions into a traditionally robust economic relationship complicates China-Australia relations considerably.

ECONOMY

Australia first recognized the People's Republic of China in 1972, following the lead of the United States and other Western countries in pivoting from the Republic of China, despite a robust relationship with the latter. Since then, ties across many areas have increased, including trade, investment, foreign students and more. Trade between the two countries has been rising in value and volume for decades, peaking in 2019 when Australia exported [over US\\$103 billion to China](#), accounting for close to 40% of Australia's total exports that year. Not only is the trade volume massive, but it has also significantly increased over the previous decade, with exports almost tripling in value between [2009 and 2019](#). On the import side, Chinese goods and services make up the largest portion of Australia's total imports, amounting to [US\\$57 billion representing over 25% of total imports](#). This makes Australia's relationship with China arguably its most important economically, putting great pressure on diplomatic relations due to China's outsized ability to disrupt Australia's economy. This happened in [2020 following a](#)

[diplomatic spat](#) when the introduction of Chinese tariffs imposed on key export sectors negatively impacted many Australian industries. However, The effects of the tariffs were not as significant as anticipated since the international trade network gave opportunities for Australian exports to find other buyers. For example, coal exports to China fell to zero in 2021, but exports to other countries such as India, Japan and South Korea [rose dramatically](#), some as much as doubled, which altogether mitigated the blow from Chinese tariffs. According to the Australian Government, the Chinese-imposed tariffs reduced coal exports to China by AU\$4 billion, but coal exports elsewhere increased simultaneously by AU\$3.3 billion, thereby reducing the loss to around [AU\\$700 Million](#). Despite trade disputes, exports from Australia to China actually rose [72% from July 2020 to July 2021](#). This situation between China and Australia highlights the potential economic implications of the erosion of diplomatic relations with China, as it has clearly shown its readiness to use punitive economic measures in retaliation for what it perceives as insult or confrontation. This also serves as [an example](#) of what a potential decoupling from China could look like for other countries. However, Australia's position with respect to China is unique in magnitude of economic linkage, the fact that Australia is one of the few countries with a [trade surplus with China](#), and that it is a Western country located in the middle of the Indo-Pacific.

Chinese foreign investment in Australia used to be a major source of capital for Australian industries. However, investment relations have soured, trending downward over the past 5 years culminating in a crash in 2021. [A study](#) revealed that "outward direct investment (ODI) from Chinese firms in Australia amounted to US\$600 million (AU\$808 million) during the 2021 calendar year, compared with US\$1.9 billion in 2020", which represents a plunge of more than 70% of Chinese direct investments just last year. Prior to this downturn, Hong Kong and mainland China respectively ranked fifth and sixth largest foreign investors in Australia, behind the United States, United Kingdom, Japan, and Belgium. However, the [2021 results](#) pushed

China to number eight. This slump coincided with Australia's [new laws](#) concerning inbound foreign investment, which imposes more stringent regulation as well as the disclosure of potential foreign security interests of any potential investors. While these laws are not explicitly targeting Chinese investment, Chinese investors could potentially face much more scrutiny than those from Western countries. Another potential investment avenue for China into Australia is the Belt and Road Initiative. China [signed a memorandum of understanding](#) in 2018 with the Australian State of Victoria to encourage future trade and investment into the state. This deal was eventually cancelled by the Federal Government of Australia in [2021](#) due to rising diplomatic tensions between the two countries and the previously mentioned trade disputes.

SECURITY

[Australia is a strong US ally](#), often firmly siding with the US when it comes to disputes with China. In 2021 [Australia announced its purchase of nuclear submarines](#) from the US, which was poorly received by China as it cemented Australian and US cooperation and enhanced US security interests in the region, which China perceives as antithetical to its own. This was seen as a statement of intent by Australia to firmly place itself in the United State's corner on security in the Pacific region.

Some Australian politicians have [conveyed apprehension](#) regarding China's cybersecurity capabilities and have argued for [greater investment in Australian defences](#). Australia banned Huawei from its 5G network in 2018, and has maintained that position since. In 2020 there were a [series of "highly coordinated" cyber attacks](#) on Australian businesses and government agencies which were suspected to have originated in China. Chinese Intelligence has even been accused of [stealing the building plans](#) for the Australian Security Intelligence Organisation's (ASIO) headquarters. ASIO has also investigated various allegations of political interference originating from Chinese operatives. Moreover, there has been a push in Australia to reduce Australia-China research collaboration. Australia also signed a letter condemning the [Chinese detention of Uyghurs](#) and

other minority groups, and made public statements of complaint about Chinese ships approaching Australian ships to observe them during military exercises. Another area of potential security complications is the [14 Confucius Institutes in Australia](#), which are under threat of being shuttered by the Australian government as part of their push to reduce academic collaboration between the two countries. In addition, [accusations and allegations](#) of China interfering with Australian politics, through espionage, political donations, and pressures on Chinese immigrants to Australia, have contributed to Australia's security concerns.

Overall, Australia illustrates what can happen when a country's relationship with China sours. China economic sanctions for diplomatic disagreements which have pushed Australia towards other partnerships and opportunities. This could be instructive for Canada, as Australia has shown resilience in the face of Chinese imposed penalties highlighting other opportunities for diplomatic, economic and security partners in the Indo-Pacific region. While the recent election of a new majority Labor government has shifted the tone of communication about China in a [more positive direction](#), the same issues persist and it remains to be seen if this change will help improve relations with China.



JAPAN

Japan shares many core values with Canada and other members of the Quad partnership, including respect for human rights and the promotion of democracy and an open market economy across the Pacific. However, given its geographical proximity to China and their longstanding disputes in the East China Sea, Japan has unique stakes and challenges that shape its diplomatic and defense policies. Faced with perceived repeated threats to its territorial integrity, such as the [intrusions into Japan's territorial waters](#) around the Senkaku Islands, claimed by China under the name “Diaoyu Islands”, along with Beijing’s extensive claims and militarization of islets in the South China Sea, Japan’s geopolitical stance in the region is driven by security concerns, and consequently a need to mitigate risks and address perceived overreach from China. Hence, its priority is to protect the rule of law and freedom of navigation in the Indo-Pacific region. The rise of China has been at the forefront of Japan’s strategy [at least since the 2000s](#) and remains at the core of its current Indo-Pacific strategy.

Japan has a long and contentious, often painful, history with China. Japan-China relations are not only mired with security concerns, as is the case across the region, but are marred by historical and cultural cleavages. China and Japan are

next-door neighbours yet have some strikingly oppositional interests. China’s rapidly expanding military capacity and growing assertiveness on territorial claims have undoubtedly influenced Japan’s decision to increase its security spending by the current Prime Minister Fumio Kishida. In addition, Japan now aims to maintain and expand its diplomatic, security, and economic options by promoting a favourable regional environment in the Indo-Pacific. Thus, Japan’s Indo-Pacific strategy ultimately seeks to facilitate a multilateral regional order which China cannot easily dominate.

DIPLOMACY

Japan ranks as the third largest economy in the world, behind only the US and China. Historically, China and Japan have had a strained relationship, especially during the beginning and middle of the twentieth century. For China, the lack of [“sufficient”](#) acknowledgement of Japanese War Crimes during WWII by the Japanese Government, makes Japan very unpopular in China. While for Japan, the rapid militarization and aggressive territorial claims of the Chinese Government make China unpopular today. The biggest concern for Japan is the territorial disputes over the claims of the Senkaku islands, or “Diaoyu Islands” as known by the Chinese. The chain of uninhabited islands in the East China Sea is near important shipping lanes, fishing areas,

as well as large oil reserves. These factors make the relationship between China and Japan a complicated political question. Between [2012 and 2020](#), Japan's relationship with China improved somewhat during the Prime Ministership of Shinzo Abe, [who cultivated a good personal relationship](#) with Chinese President Xi Jinping. These [improvements included](#) direct communications, more face to face high level diplomatic talks, and increased cooperation in certain areas. Although Abe made progress during his time in office, efforts to improve relations between the two countries have stalled since Fumio Kishida was elected Prime Minister.

Japan is closely tied to the United States through [treaties](#) that oblige the US to defend Japan. A close US ally, Japan is considered one of its most important foreign policy partners in the Indo-Pacific region with shared security goals. Under its new leadership, Japan has focused on strengthening the Quad security dialogue as well as the [Free and Open Indo-Pacific policy](#) that was established by Japan through joint discussions with the United States. While there are 4 core members, discussions have also been held with a broader group of Asian-Pacific countries about the state of security in the region. Most analysts and commentators have seen these moves as an attempt to [counter the rise of Chinese power](#) in the region and present a somewhat united front as the most powerful democratic powers in the region.

ECONOMY

Despite these tensions, China is Japan's [top trade partner](#), as its greatest source of imports and second largest export destination. Japan has negotiated [trade deals](#) with China since 2012, with constant ongoing changes made to the various agreements between the two countries. Overall, in [2020](#) Japan imported just over US\$150 billion worth of goods from China, while exporting around US\$133 billion in goods. This illustrates how Japan's economy, similar to many others around the world, is interdependent with China. While Japan does have a trade deficit with China, it is not nearly as large as those of other countries. Annual investment from China to Japan has hovered around [US\\$500 million](#)

in recent years, constituting only a small share of Japan's overall incoming foreign investment. There are [no specific laws](#) guiding Chinese investors, and they must follow the same rules as any other foreign investors when investing in Japan. Japan is also not part of the BRI, but has [given permission](#) for Japanese companies to participate in BRI projects if they wish, after several years of being non-committal on the issue. In 2019 Japan added more sectors including, telecom, integrated circuitry, and mobile phone manufacturing to the laws allowing the Government to block [foreign investment in sensitive industries](#). Japan has also taken a strong stance against the possibility of foreign industrial espionage and has increased scrutiny of students and foreign workers and is also in the process of scrutinizing its 14 Confucius Institutes.

Japan's current indo-pacific strategy leans heavily on economic measures to counter China. Its primary aim is to provide south east asian countries with infrastructure financing that constitutes a viable alternative to Chinese BRI investment. On the economic front, Japan is trying to displace China as the prime regional economic partner in sectors such as energy, infrastructure and digital technology. These economic measures aim to provide smaller countries with options that may forestall them deepening ties with China and using Chinese financing, while also increasing Japan's own energy independence from China and their strategic reserves of oil and other core energy products for themselves and others in the region. This complements and is included in the Partnership for Global Infrastructure Development, which was largely spearheaded by the US to counter China's Belt and Road Initiative. Broadly, these measures aim to support Japan's strategy to establish and maintain a transparent rules-based regional multilateralism, termed "a free and open Indo-Pacific", that impedes forceful and coercive state to state engagement and promotes economic growth and stability.

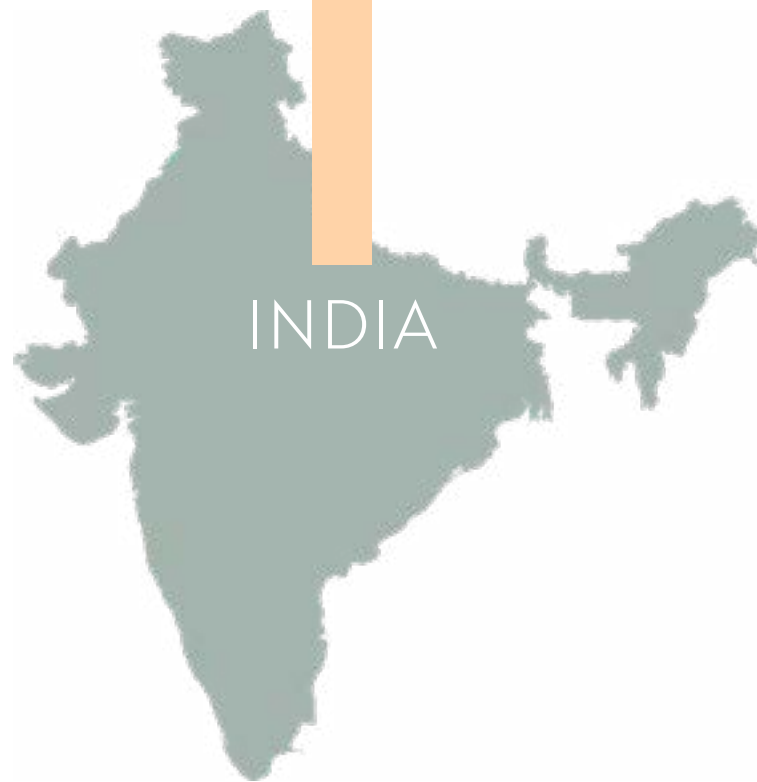
SECURITY

Although Japan has begun increasing military spending, this is not the main thrust of its Indo-Pacific strategy. After WWII, Japan's military was

dismantled and the US disallowed them from rebuilding it. This, together with the horrors of WWII, helped to produce one of the most profoundly anti-military cultures of the world in Japan. However, this is now rapidly changing as US ability and commitment to its historic security agreement appear to show cracks and as China gains military power and regional influence. Although Japan's constitution disallows the maintenance of a military force they do have one which they term a "self-defence force".

Recent government white papers have focused on the [Chinese territorial claims in the South China Sea](#) and other maritime areas, which is a major concern to the Japanese on both diplomatic and military levels. Japan has [massively increased its military spending](#) in recent years, which was a campaign promise of the current Prime Minister, Fumio Kishida, during the last election. These funds were spent to "acquire missiles, stealth fighters, drones and other weapons to deter China's military in the disputed East China Sea." Ultimately, Japan's military reaction to China and Indo-Pacific security is playing catch-up compared to its more militarily capable allies. However, as the third largest economy in the world, a core US ally, and an advanced technology industry hub they could quickly become a major regional military power.

Japan-China relations have a long and complicated history that makes building trust and partnership difficult. While Japan has strong economic ties with China, diplomatic and security issues perturb the relationship, forcing Japan to hedge against any potential worsening in relations with a strong partnership with the United States, and the diversification of its economy to lessen its reliance on China. Ultimately, Japan's Indo-Pacific strategy complements, and some may argue is an extension of US strategy in the region. However, Japan's objectives are its own: security self-reliance, territorial integrity, economic security, and strong regional multilateralism. Over the coming years, Japan will likely seek to compete with China as a provider of economic opportunities for smaller countries, keep the US invested and involved in the region, and accelerate the development of its own security capabilities.



Of the four members of the Quad, India is very much the odd one out. It is a developing nation, faced with a unique set of economic and social challenges to development. India's population of 1.38 billion dwarfs that of the United States, Australia, and Japan combined. Unlike the other members of the Quad, India is not a traditional US ally; India is a founding member of the Non-Aligned Movement and enjoys long-standing ties with Russia. Moreover, India's relationship with China is unique among the Quad. India is the only member of the Quad to share a land border with China, which the two powers are actively disputing, recently with military violence. On the other hand, India and China are both members of several organizations that do not include the US, Australia, or Japan: the BRICS, the G77, and the Shanghai Cooperation Organization, to name a few.

Taken together, India's unique position in the world shapes an Indo-Pacific strategy that is inextricably linked to, but distinct from the strategies of the rest of the Quad; India's vision for the Indo-Pacific does not fully align with the interests of the West or with China. Thus, its Indo-Pacific strategy is multidimensional, as India finds itself simultaneously cooperating and confronting with both the West and with China across various issues. India's Indo-Pacific strategy is also notably multilateral, stemming from

a tradition of [multilateral approaches](#) during the Cold War. This can be seen in India's ["Look East"](#) policy (and its subsequent evolution into "Act East" under Prime Minister Modi), which calls on India to engage with Southeast Asia and powers throughout the Indo-Pacific to present an alternate front in response to China's rise and ambition in the region.

While China is not the sole concern of India's Indo-Pacific strategy, responding to China's rise is certainly one of its most important calculations. The core principles of India's Indo-Pacific strategy are (1) a willingness to accept multidimensionality through simultaneous cooperation and confrontation, (2) the heavy use of multilateralism both within the Indo-Pacific and around the world, (3) and a clear focus on responding to China's rise and ambitions to be a regional hegemon. It is a relationship that is shaped by deep history, but has evolved since the end of the Cold War.

As two of the world's oldest civilizations, contact between India and China stretches back millennia: including India's role in both the land and maritime routes of the Silk Road, the transmission of Buddhism to China, and the voyages of Zheng He. As these ancient civilizations became modern nation-states, however, these exchanges were supplanted by diplomacy, trade, and conflict. After

India's independence in 1947 and the Proclamation of the People's Republic of China in 1949, relations began somewhat optimistically with the Sino-Indian Agreement in 1954. Over the next half-century, however, problems quickly crept into India-China relations such as: conflicts over Tibet, India's closeness with the USSR after the Sino-Soviet split, and border disputes that culminated in the 1962 Sino-Indian War. This history continues to shape a relationship between contemporary India and China that is tumultuous and multifaceted. There are points of clear tension, most prominently in the military and security dimensions of the relationship; the reigniting of border clashes have contributed to a significant cooling in India-China relations. Simultaneously, however, China and India continue to have a robust economic relationship and the two nations periodically find themselves in strategic and diplomatic alignment.

The loss of India's traditional ally in the Soviet Union in 1991 marked an important shift in India's Indo-Pacific strategy towards a distinct nervousness about China's rise and the consequences for India's own aspirations. The "Look East" policy was outlined in 1991, which has become a core principle for India's Indo-Pacific strategy. The rise of "Look East" is driven by perceptions of Chinese overreach into India's geopolitical "backyard" in South Asia, China's friendliness with Pakistan being of particular concern, creating significant friction between India and China. At the same time, however, India's Indo-Pacific strategy also finds regular points of alignment with China, particularly when India is not fully aligned with the United States and its allies. India's response, as outlined by "Look East" has been to lean heavily on multilateralism to manage the various dimensions of its Indo-Pacific strategy and its relationship with China; "Look East" emphasized relations with Southeast Asia and ASEAN as a way of bolstering India's standing in the region and role as a counterweight to China. Under the Modi administration, this policy has evolved into "Act East," expanding the scope of India's Indo-Pacific strategy to include enhanced ties with other nations throughout the Indo-Pacific and fostering deeper economic and security cooperation with other nations.

DIPLOMACY

The diplomatic relationship between India and China is a complicated one, in large part due to numerous historic sticking points between them. Some of the primary disputes include: conflict over Tibet and India's continued hosting of Tibetan exiles; multiple border disputes, most notably India's claim to Chinese-controlled Aksai Chin in the Kashmir region and China's claim to large parts of the Indian state of Arunachal Pradesh, which have led to open military conflict; and China's [support of insurgencies](#) in Northeast India. The Sino-Indian border dispute in particular has been a diplomatic sore point for both sides, leading to outright military conflict on multiple occasions, including the current series of clashes that [began in 2020](#). The prospect of renewed military conflict along the border has significantly reshaped India's security policy towards China.

The India-China relationship is also hampered by a third party, Pakistan. The enmity between India and Pakistan is well-documented, and China has generally favoured the latter. Beijing and Islamabad have deep ties dating back decades, with China often providing Pakistan economic and military aid. Pakistan is a key part of the BRI and serves as [China's bridge](#) to the Islamic world. This friendliness has left India traditionally wary of relations with China.

Concurrent with these significant tensions, however, are key points of diplomatic cooperation between India and China. India and China are both members of several organizations such as the BRICs, the G77, and the Shanghai Cooperation Organization. Their membership and leadership roles in organizations such as these offer alternatives to Western-led international institutions and speaks to how India and China often find themselves diplomatically aligned, despite their tensions. This was the case recently at COP26, where India and China cooperated to [weaken language](#) concerning coal reduction.

The somewhat paradoxical nature of India-China diplomacy, deep tensions and open conflict concurrent with contact and cooperation, is a good reflection of the multidimensionality of India's Indo-Pacific strategy. India has little intention of abandoning its position on the border with China, or ignoring China's overtures to Islamabad, and so on. India is willing to align more closely with the West through the Quad to counterbalance China. Simultaneously, however, India's position in the international order fosters common ground with China, and India is willing to diplomatically align with China in pursuit of its own self-interest.

ECONOMY

India's economic ties with China are both an important point of engagement and a place of increasing confrontation. India has a significant economic relationship with China, particularly in trade. However, India joins many other nations in grappling with the extent to which it is willing to allow China into its economy; concerns over trade balance, security, and Chinese influence have led many in India to call for decoupling and a scaling back of economic ties. If India-China tensions continue to grow, these strategic concerns will take greater precedence in guiding India's economic relationship with China.

According to the [Indian Ministry of Commerce and Industry](#), India exported US\$21.3 billion worth of goods to China in 2021 (5% of total exports), and imported US\$94.2 billion (17% of total imports). Chinese investment into India is less developed; in 2020, the PRC Ministry of Commerce [reported](#) a modest US\$205 million in FDI outflows to India and US\$3.2 billion in total FDI stock. Thus, India-China economic ties seem to be primarily based on trade, but a significant trade imbalance exists in the relationship.

India must weigh the benefits of economic linkages with China against other strategic concerns. The first of these strategic concerns is a significant trade deficit, which leaves India dependent on goods manufactured in China. There are fears that Beijing might [weaponize exports](#) to India during a

conflict as blocking India-China trade would affect India far more than China, and the Modi administration's "[Atmanirbhar Bharat](#)" campaign includes a significant push for economic self reliance.

While there are calls to shift away from a reliance on Chinese trade, no significant trade decoupling has occurred. On the other hand, India has taken direct action against Chinese investment. [In April 2020](#) India placed restrictions on investment from countries with a land border with India, a move clearly targeted towards China. While restrictions on comparatively small amounts of Chinese investment shows security concerns are becoming more important to policymakers, the lack of significant action on trade signals that the economic benefits of China are still at the forefront in India.

India's relationship with the BRI carries further strategic concerns. Despite its importance to the historical Silk Road, India is absent from the BRI and specifically the 21st Century Maritime Silk Road. Despite the economic, investment, and infrastructure potential of taking part, India views the MSRI with significant suspicion. India [suspects the BRI](#) would violate its sovereignty, serve as a vehicle for Chinese interests, and is particularly concerned about it being a tool for China to reach into India's geopolitical "backyard" in South Asia and the Indian Ocean.

Although strategic fear of Chinese influence could prevent India from deepening economic ties with China, which could include joining the BRI, and despite recent flares in tensions that have led to some economic decoupling, the country's economic engagement with China continues to be at the core of its Indo-Pacific strategy. Thus far, the heart of the economic relationship, trade, remains largely untouched by strategic considerations.

SECURITY

Security concerns are at the forefront of India's Indo-Pacific strategy and its relationship with China. India is a regional power in the heart of the Indo-Pacific, with clear aspirations to be a global power. India's approach toward security issues must be linked to its unique geography. Thus, it is in security issues that the more confrontational

elements of India's Indo-Pacific strategy appear. Nonetheless, India's Indo-Pacific security strategy remains multifaceted, frequently using multilateralism to advance its security interests, but forges a unique path not fully aligned with any other major power.

India joins the rest of the Quad and the West as a whole in being increasingly suspicious of Chinese companies and other interests within its territory and economy, particularly the high-tech sector. Indian authorities [banned dozens of Chinese apps](#) in 2020 in response to border clashes, including many available in the West; on the other hand, while India left Chinese companies [out of trials](#) for its 5G network, it stopped short of a outright ban of Chinese companies like some Western countries. In this regard, India has shared similar concerns, but has not acted fully in concert with the West regarding domestic security concerns about China - sometimes being harsher, sometimes being more lenient when compared with the West.

India has used its own form of multilateralism to counterbalance China in the Indo-Pacific. Indian warships are in the [South China Sea](#), backing the ASEAN members traditionally favoured by the "Act East" policy. India has also quietly upgraded its ties with Taiwan, notably [sending two members](#) of the ruling BJP to Tsai Ing-wen's inauguration in 2020.

As important as multilateralism is to India's Indo-Pacific security strategy, the explicit military engagement of India in the Indo-Pacific is unique among the Quad and must be noted. India's defence chief has called China its ["biggest security threat,"](#) with China creating pressure on Indian security interests on both sides of India's border. In the north, there are India's borders with often unfriendly nuclear powers in Pakistan and China. India's border issues introduce a more explicit military dimension to its security compared to the rest of the Quad; India is the only nation actively engaged in military conflict with China, in the form of the most recent border clashes that began in 2020. Islamabad's friendliness with Beijing also means that Beijing has a stake in the perennial

clashes between India and Pakistan. To the south, India is [increasingly wary](#) of Chinese ambitions in the Indian Ocean, which India considers its own "backyard." China has spent [considerable time courting](#) other nations within the Indian Ocean such as Sri Lanka and the Maldives.

The nature of India's Indo-Pacific strategy and its stance towards China varies from sector to sector and by the political headwinds of the day, reflecting India's willingness to accept multidimensionality in its relationship with China. Nonetheless, common threads of multilateralism and a need to respond to China's rise run throughout India's Indo-Pacific strategy, whether that be managing diplomatic, economic, and security stances towards China and the overall Indo-Pacific.



The relationship between the US and China, the world's two leading economies, is undoubtedly one of if not the most important bilateral relationships of this century. With the emergence of China as a leading power in the Indo-Pacific region and the declining hegemony of the US, the region's main geopolitical dynamics are shaped by this tense relationship and by the two countries' contrasting strategic objectives. In this context, the fear of being outcompeted by China and potentially losing authority in the region appears to be the dominant rationale behind the US Indo-Pacific strategy and the justification for [its "competitive" tone toward China](#).

Historically, the relationship has had complex and tumultuous periods, but a turning point [occurred in the 1980s](#) after China started to liberalize its economy and embraced economic ties with the US. In the last decade, however, relations have been impeded by tension and conflict, including a trade war initiated during the Presidency of Donald Trump. In 2020, relations between the United States and China reached their lowest point since normalization a little over four decades ago. Additionally, ongoing disagreements over matters including [the pandemic, human rights, security, and the invasion of Ukraine](#), are fueling hostilities between the two powers and increasing tension in the

Asia-Pacific region in general. Overall, Sino-American relations are paradoxically characterized by both close economic ties and hegemonic rivalry. In this respect, the US has expressed a high level of concern in the region towards China's growing influence, which they claim is [coercive and aggressive](#). The new US Indo-Pacific Strategy (IPS) has thus been presented as a response to counter China's aggressive actions, and keep the Indo-Pacific "[open, connected, prosperous, secure, and resilient](#)". This strategy for a "free and open Indo-Pacific" promises support for regional connectivity, more trade and investment, and deepening bilateral and multilateral partnerships [across the region](#), from Northeast Asia and Southeast Asia, to South Asia and Oceania, including the Pacific Islands. Consequently, in order to grow and sustain American influence and achieve its regional objectives, the US strategy includes [plans to open new embassies and consulates](#), provide security assistance to partners, and expand the US Coast Guard presence in key areas. Unsurprisingly, the main challenge to these endeavours remains China's influence and dominance in the region, which the US aims to counterbalance through this latest strategy.

Despite the resumption of some diplomatic activity between the US and China over the past year, tensions between the two states remain high. While

the US is willing to engage diplomatically with China on common challenges such as climate change and global health crises, it simultaneously [aims to counter Beijing's "aggressive and coercive actions"](#) by standing up against violations of human rights and fundamental freedoms. In [Biden and Xi's virtual meeting in November 2021](#), the only topic they agreed on was climate cooperation. Besides this relative bright spot, the summit had no positive outcome, and was actually followed by the diplomatic boycott of the Beijing Olympics, the addition of more Chinese companies to the US trade restriction list, and Congress passing a bill countering forced labour abuses in Xinjiang. All in all, the two states stand opposed to each other on wide range of issues from security, technology to values and ideology. With no sign of relief of tensions in sight, the US currently describes its diplomatic relationship with China as one of "[strategic competition](#)".

ECONOMY

US trade with China exploded in the early 2000s when China joined the WTO. Commercial exchanges between the two countries are now crucial for both economies. [The US imports more from China than from any other country](#), and China is the third largest export market for the US' goods and services as of 2021. Trade between China and the US [soared by 28.7 percent and amounted to US\\$755.6 billion](#) in 2021. The US trade deficit with China remains very high, with the value of US imports from China exceeding the exports to China by US\$355.3 billion on yearly average from 2013 to 2021. [China was the US' largest trading partner until 2019](#), when it regressed to third place as a result of tariffs and import quotas imposed under the Trump presidency, which [significantly hindered trade](#) and investment between the US and China, and disrupted global trade in general. Troubled trade relations became even more of a dilemma amidst the COVID-19 pandemic and the Russian invasion of Ukraine. Naturally, this ongoing trade war influences US Indo-Pacific strategy, which aims to [build China out of the region's](#) economic and technology sectors and prevent it from expanding its influence and networks, including the BRI. In fact, the US trilateral arrangement with Japan and Australia was

prompted, in part, by their interest in counterbalancing China's financing of [major infrastructure projects in Southeast Asia under the BRI banner](#).

SECURITY

As China's already sizable power grows, several states involved in the Indo-Pacific fear that it is [becoming the regional hegemon](#). [Reports](#) frequently highlight Chinese advances in military, technology, space, and cyber sectors, which allegedly threaten US national security. Similarly, claims regarding Chinese developments in hypersonic missiles, nuclear weapons, and artificial intelligence are feeding American apprehension of China which translates to a sense of urgency to counter these breakthroughs. While the dynamic nature of global competition makes it challenging for any country to dominate innovation in a particular sector for an extended period, the US remains apprehensive of being outcompeted by China.

Whether or not the "China threat" is real and warrants such caution from the US, the latest American Indo-Pacific strategy is largely based on the idea that China's state-driven protectionist policies and practices in the Indo-Pacific directly threaten the US economic vitality, and thus the need for the US to counter it to preserve its power and assets in the region. Reflective of the United States' continued status as the most powerful nation in the world, the American Indo-Pacific strategy is incredibly broad and is present within every corner of the region. The United States has pushed to restore and strengthen its traditional security ties with its allies; in particular, the United States has displayed its commitment to security issues in the region through an increased military presence. Beyond its traditional allies, the United States has looked to strengthen security collaborations throughout the Indo-Pacific. One of the key targets for this engagement is fellow Quad member India. As the second-largest nation within the Indo-Pacific, a nuclear power, the world's largest democracy, and, as we noted earlier, a rising power that is equally nervous about China, India is an important piece of the United States' Indo-Pacific strategy. The United States sees India's potential

as a counterweight to China highlighted by the numerous security conflicts India and China have with one another. Additionally, India's influence in the region can serve as an alternative to China as a pivot point within the Indo-Pacific, serving as a potential link between, for example, Australia and Thailand, as well as between the Middle East and Central Asia, and the Pacific and Indian Oceans. India is just one example, however, of the United States increasing security engagement in the region. Under the Biden Administration, [Secretary Blinken and his aides](#) have crisscrossed Asia and the Indo-Pacific, seeking to engage with the other nations of the Indo-Pacific, big or small. Security is certainly one of the top priorities for the United States during these trips, particularly as China grows more assertive of its security priorities within the Indo-Pacific. The [controversy over the Chinese security pact](#) with the Solomon Islands has underlined the almost frenetic pace in which the United States has worked to build cooperation with the other nations of the Indo-Pacific with regards to security and military engagement. While the US used to bank on a [“guns and butter” strategy](#), relying on dollar diplomacy, investing massive economic surplus, and imposing its grandiose military, it seems like this approach has lost its potency, hence the new US Indo-Pacific strategy. The new policies are thus more [focused on leveraging and coordinating the country’s “soft power”](#), such as its diplomatic, economic, information, and intellectual resources, to strengthen bonds with allies and stand firm against China. That the Quad reached consensus on this policy highlights that America's new strategy is already embedding itself in the broader politics of the Indo-Pacific.

Among the various sources of US security concerns, the communication sector, namely China's 5G expansion and questions of digital infrastructure ownership and cyber data security, is an area of importance in the new American Indo-Pacific strategy. In fact, the US perceives [the integration of Chinese-built 5G networks across the region as a significant geopolitical threat](#), especially given Huawei's close ties with the CCP. Since Chinese law requires Chinese companies to cooperate with

the CCP's intelligence apparatus as required, US officials contend that sensitive information shared through Chinese 5G networks could be compromised and mined by Beijing. On that front, [US strategy](#) aims to “work with partners to advance common approaches to critical and emerging technologies, the internet, and cyberspace.” Essentially this entails working with allies to reinforce communication networks, making them open, interoperable, reliable, and with secure internet. Through implementing a [“framework of responsible behavior in cyberspace](#) and its associated norms”, the US' hopes to ensure informational integrity based on consensus and technology standards shared among values-aligned countries. This notably aims to facilitate the productive movement of researchers and open access to scientific data among US allies.

The disputed South China Sea is another prominent issue that is emphasized in the US strategy. Given the US has important interests in ensuring freedom of navigation and securing sea lines of communication, as well as a [longstanding defense treaty with Manila](#), among others, the US has a [central role in preventing a military escalation](#) of the territorial dispute. On that account, the strategy supports a multilateral agreement on a [binding code of conduct and other confidence-building measures](#) to maintain key maritime passages open to facilitate trade and the movement of naval forces. This position goes against China's claim, and thus puts the US at risk of getting potentially involved in a China-Philippines conflict over the [valuable natural resources at stake](#), such as massive natural gas deposits and fishing grounds.



CONCLUSION

The Indo-Pacific is one of the world's most strategically volatile and geopolitically complex regions. As such, it has seen significant dynamic shifts in recent years generating policy and academic debate. In this context, states with stakes in the region have been releasing or updating their Indo-Pacific strategies to respond to rising tensions and power competition. While Canada recognizes the region's critical importance for its long-term economy and security, the country's forthcoming strategy is still in the making. A [special Advisory Committee](#) has recently been appointed to provide recommendations on this developing Canadian Indo-Pacific strategy. Therefore, a review of the Indo-Pacific strategies adopted by Australia, Japan, India, and the US provide valuable insights on what Canada might focus on. Looking at these states' respective strategies reveals [current geopolitical trends](#), including strategies against great power competition and increasingly confrontational stances against China within the region.

Notably, all states discussed in this report have seen their longstanding relationships with China

deteriorate to various degrees in recent years. Although their strong trade ties with the PRC have mostly survived, mainly due to economic dependence on China, political tensions, driven by diplomatic and security issues, are seriously damaging the relationships, and feeding these states' growing desire to counter or decouple from China. This is reflected in Australia's, Japan's, India's, and the US' Indo-Pacific strategies. Australia in particular has shown that a complete diplomatic falling out, followed by drastic economic sanctions by China are in fact survivable and may not be the death knell that some fear. Overall, as allies in this context, their plans align and express clear intentions to counterbalance China's rise in the Indo-Pacific regions.

Altogether, despite taking no clear position or official measures, Canada's middle-power identity and national interests suggest that its upcoming strategy is likely to [include multilateral cooperation and agreements with partner countries](#) that are member the Quad, AUKUS and NATO, and join the counterbalance movement to China.