

ANALYSIS

Coexistence as strategy in the India–China reboot

The latest bilateral engagement is a product of necessity amid the ongoing global turbulence, not trust



Maj Gen S B Asthana

As the world stepped into 2026, it witnessed increased turbulence in global geopolitics, characterised by coercive statecraft, blatant intervention, and continued economic weaponisation by President Donald Trump-led United States (US). The world witnessed US military intervention in Venezuela, the kidnapping of President Nicolás Maduro and the US assuming control of the natural resources of another sovereign country. The ongoing unilateral Operation Epic Fury by the US, the assassination of the top leadership of Iran, and unprecedented destruction of Iranian capabilities by the US and Israel facing no worthwhile opposition by any major power, indicates it to be the new normal for potential hegemons/big powers who enjoy overwhelming asymmetry in their national power vis-à-vis the target country, with utter disregard to international law. The imposition of punitive tariffs indicates weaponisation of economic power towards coercive diplomacy as another new normal.

At the same time, in the Indo-Pacific region, China appears to be posturing against Taiwan and Japan, emboldened by global silence and similar unilateral actions taken by the US, again with hardly any credible opposition from the

world community. The US-China tug of war (Cold War 2.0), fluctuating between the G2-style accommodation and intense competition globally, adds to complications for strategic balancing for India. The year 2026, therefore, marks a critical phase in global geopolitics wherein coercive statecraft, blatant intervention, and economic weaponisation are becoming the new normal, within which India must navigate its goal of *Viksit Bharat 2047*.

These trends pose a critical strategic dilemma for India: How to continue engaging with the US without economic submission and how to manage working relations with China without ceding any concession on borders, and yet preserving its strategic autonomy, national interest, and sovereign choices. The cautious yet significantly visible reset between China and India since late 2025, after a prolonged standoff and diplomatic caution post-Galwan clashes, seems to be a compulsion for risk management, balancing concerns of ‘concirclement’ (containment plus encirclement) with the imperatives of co-existence to take on some common challenges, with added relevance of the Russia-India-China (RIC) concept.

Trump’s unilateral military action against Venezuela, capturing and kidnapping Maduro, followed by actions to control Venezuela’s oil sector directly, was a blatant violation of international law and order, but it did not face a major international and domestic pushback,



Indian Army soldiers during an exercise in Ladakh in October 2025

thereby emboldening Trump for more coercive posture towards Greenland and military action against Iran.

China condemned Trump’s action as hegemonic and illegal because Venezuela happens to be its strategic and economic partner in terms of heavy investment in oil sector and Belt and Road Initiative (BRI), highlighting Chinese narrative about US unilateralism, thereby increasing its incentive to collaborate diplomatically with Russia (and selectively with India) in United Nations — and Brazil, Russia, India, China, and South Africa (BRICS) — type forums against US regime change interventions.

India, which faced 50 per cent tariffs from the US, including an unjustified 25 per cent tariff for purchasing Russian oil — till it was brought down to 15 per cent by the US Supreme Court — adopted a muted, non-confrontational response to avoid provoking Trump, despite its stakes in Venezuela’s energy and loans for the oil ecosystem being impacted adversely, although to a much lesser degree than China. It poses a risk for both to be vulnerable to US economic coercion in energy markets, motivating both to collaborate or at least discuss within frameworks such as RIC and BRICS to counter these

unwarranted pressures.

Emerging dynamics

The ongoing Operation Epic Fury launched as a joint US-Israeli offensive against Iran on February 28, amidst ongoing negotiations, wiping off top Iranian leadership, is an apt example of US hegemonic design of violating the sovereignty and territorial integrity of another country without consequences, with no regard to rules-based order, after accusing China of violating the same in the South China Sea for a considerable period. The operation continues with devastating degradation of Iran’s nuclear facilities, missile infrastructure and air defence, with the declared objective of crippling Iran’s nuclear and ballistic missile programmes and weakening the regime’s capability to support regional proxies. Trump’s demand of “unconditional surrender” and nominating a new Iranian leader are too unrealistic end states to be achieved, hardening Iranian resistance.

The offensive achieved some tactical success, including the destruction of several Iranian military facilities and the elimination of the senior leadership, but it has fallen short of any regime change possibilities. It triggered retaliatory

missile and drone strikes by Iran against US bases, energy infrastructure, and maritime targets across the Gulf, expanding the conflict into a regional theatre, with strikes on US’ allies, with an aim to impose heavy costs on the Trump administration.

The continuation of this war impacts the global energy supply chain and shipping routes adversely, including India and China. Both countries are among the largest importers of West Asian hydrocarbons, making them vulnerable to disruptions in Gulf shipping lanes and the Strait of Hormuz, where Iranian retaliatory actions have already targeted oil infrastructure and tankers, creating a deterrence in oil and trade flow in the region.

For China, the crisis threatens its energy supply chain, complicates its strategic partnership with Iran, testing China’s capacity to act as a stabilising power in West Asia. India, meanwhile, faces the dual challenge of protecting its energy supplies and balancing its strategic convergence with the US with its historic connectivity interests in Iran. The Trump administration’s military adventurism, therefore, is strategically challenging the energy and maritime security in the Indo-Pacific’s extended neighbourhood — forcing both China and India to recalibrate their West Asia strategies with near similar concerns.

President Trump’s renewed push on tariffs, directed at both China and India (steel/aluminium, generalised system of preferences or GSP removal earlier; later “reciprocal” tariffs and specific penalties linked to Russian and Venezuelan oil), is an important driver of the ongoing efforts for an India-China reset.

China has already absorbed years of US tariffs and supply chain decoupling pressure through strong leverage in terms of rare earth magnets and supply

PHOTO: PTI



Army trucks moving towards the Line of Actual Control in eastern Ladakh in 2020

chain dependencies. India has seen punitive tariffs on metals, loss of GSP, and punitive tariffs to become the most tariffed major economy in the world, exposing the limits of predictability in India-US relations. While the Indo-Pacific strategic convergence remains relevant, US reliability has become conditional and issue-specific.

When viewed with Trump's coercion of his North Atlantic Treaty Organization allies on his Greenland ambition, which led to their joint stand against Trump, it reinforces India's historical belief about the unreliability of the US as a strategic partner, despite India's security cooperation with it in the Indo-Pacific. India is forced to choose between managing working relations and a cautious reset with China to maintain border stability or continuing a strategic partnership with the US for maritime, technological, and defence needs, while shielding economic and strategic autonomy from sudden policy changes in the White House, placing India between coercion and coexistence.

Amidst US unilateralism, both China

This reset, therefore, is best understood as cautious re-engagement, not reconciliation

and India realise that sustained confrontation with each other on the Line of Actual Control crises and trade restrictions plus simultaneous economic coercion from the US and Trump's induced global uncertainty, is not strategically desirable. Trump's policies are therefore simultaneously nudging India and China towards a limited tactical accommodation or 'reset' and making the RIC format more politically attractive against US pressure. This explains why China and India have, since 2024 (Kazan summit)-2025 (Shanghai Cooperation Organisation (SCO) summit), moved to cautiously stabilise the border and re-open trade channels, with a shared interest in mitigating Trump-era tariff shocks and preserving the export markets.

Stabilising ties

Many analysts attribute the India-China reset initiative to Trump's tariff war and the mutual desire of both countries to diversify markets and partners. However, the reset has roots predating tariff tensions, particularly in

disengagement decisions at Kazan and subsequent visits by senior Chinese leaders such as Foreign Minister Wang Yi.

The resumption of direct commercial flights, easing of visa restrictions, expanded diplomatic exchanges, and leader-level engagement — most notably the Xi-Modi interaction on the sidelines of the SCO summit at Tianjin in 2025 — signal a clear departure from the post-2020 freeze. Both sides have consciously framed each other as development partners, not rivals, emphasising that disagreements should not escalate into conflict.

Chinese President Xi Jinping has repeatedly invoked the Panchsheel principles of mutual respect, non-aggression, non-interference, equality, and peaceful coexistence as a normative anchor for bilateral relations in recent engagements. In response, India has stressed that Panchsheel alone is insufficient in the contemporary context, and Prime Minister Narendra Modi has explicitly added "mutual trust" and "mutual sensitivity" as necessary conditions for a sustainable relationship. The trust deficit is particularly acute on issues such as terrorism — where Chinese positions in multilateral forums have often been obstructionist — and connectivity projects like China-Pakistan Economic Corridor (CPEC), which India regards as violations of its sovereignty. The reset is therefore transactional and tactical, designed to buy breathing space amidst uncertainties in resolving fundamental disputes.

This reset, therefore, is best understood as cautious re-engagement, not reconciliation. For India, persistent tension along the LAC imposes high military, economic and opportunity costs, constraining its focus on growth and global integration under the vision of Viksit Bharat 2047. For China,

stabilising ties with India reduces the risk of simultaneous friction with both the US and India at a time of economic slowdown, technology controls, and external pressure.

Beneath the surface of stabilisation lie deep structural divergences. China's long-term objective remains the emergence of a comprehensive great power by 2049, shaping a Sino-centric Asian order and gradually challenging US primacy. Its strategy integrates economic statecraft, technological self-reliance, military modernisation, and expansive connectivity initiatives such as the BRI.

India's trajectory is distinct. It seeks to emerge as a developed country by 2047 through inclusive growth, democratic legitimacy, and enhanced participation in global governance. While China currently enjoys advantages in manufacturing depth, technology ecosystems, and border infrastructure — particularly along the Tibetan plateau — India counters with demographic scale, political credibility, maritime geography, and growing influence as a leading voice of the global south.

These asymmetries shape the competitive dynamic. China prefers leverage through ambiguity and incremental encroachment; India seeks predictability, balance, and rules-based engagement. The strategic calculus in both capitals recognises that a direct Sino-Indian conflict would primarily serve US interests by weakening both current and future challengers simultaneously, reinforcing the logic of managing rivalry below the threshold of war. Consequently, rivalry remains structural, ensuring that détente will be limited, conditional, and reversible.

The border issue

The most unstable aspect of India-China ties is still the unsolved boundary dispute. India is the only nation in the world that is threatened by two nuclear neighbours, China and Pakistan, both of whom have

unresolved borders with India and are colluding with each other. Unlike any other nation, the unresolved boundary resulted in the 1962 war and many military standoffs.

After annexing Tibet, the Chinese deliberately refused to acknowledge any treaty between Tibet and British India (including the McMahon Line). It took advantage of the absence of any written border treaty between India and the PRC, making the boundary issue extremely complex. The resolution procedure is made more difficult by the varying perception of LAC, which frequently results in transgressions and patrol conflicts.

India's concerns of strategic encirclement are still fuelled by China's growing influence in South Asia and the Indian Ocean

In the China-India equation, the border is linked to sovereignty, territorial integrity, national identity, and sentiments. Leaders on both sides have clung to their positions, which are unlikely to change anytime soon because they don't want to be seen by their domestic audience as ceding territory, which raises the political cost of giving anything. Neither Chinese people will accept PRC — ceding Aksai Chin to India, nor Indians will accept giving up Tawang to China, making negotiations politically cost prohibitive!

Credible de-escalation has not yet taken place, despite numerous agreements aimed at fostering confidence and recent disengagement at some locations of contention in eastern Ladakh. Through its incremental encroachment strategy, China's unwillingness to seek map-based clarity and differing views of the LAC increase the likelihood of fresh crises. China's superior infrastructure and quick mobilisation present long-term challenges for India.

Both nations pursue bilateral relations in different ways. India views peaceful resolution and tranquillity on the border as the cornerstone of the

relationship. China prefers to pursue economic and other activities rather than linking the entire relationship to the boundary issue.

It is politically difficult to resolve the border and permanently delineate the LAC. This will only occur, in my opinion, when China incurs greater political and strategic costs from not doing so than from doing so. The relationship will be defined by border management rather than resolution until such political will materialises.

India's concerns of strategic encirclement are still fuelled by China's growing influence in South Asia and the Indian Ocean. One of the main

initiatives of the BRI is the CPEC, which directly challenges Indian claims to sovereignty and strengthens China strategic relationship with Pakistan. The China-Myanmar Economic Corridor to the Bay of Bengal is an attempt to reduce China's reliance on the Malacca Strait, enhancing its operational flexibility.

Chinese economic leverage, debt trap diplomacy, infrastructure diplomacy, and political influence are security concerns throughout the region, from Nepal and Sri Lanka to the Maldives. China's expanding network of dual-use ports and access agreements enhances its ability to project power and secure lines of communication in the maritime domain.

India's response has been to deepen engagement with regional allies, improve naval capabilities, and build up maritime partnerships. The competition is nonetheless long-term and structural, even though these steps have reduced imbalances.

Changing triangle dynamics involving the US have an additional impact on the advancement of the India-China reset. In India, valid concerns have been raised by Trump's

Business Standard BLUEPRINT

transactional approach, unfair tariffs, and toying with a US-China 'G2' narrative. Even though China is listed as the main competitor in the US' most recent National Security Strategy, a selective US-China accommodation runs the risk of marginalising middle powers like India, while heightened rivalry may force India to choose a side.

For India, both scenarios constrain strategic autonomy. The lesson is clear: Over-reliance on any external balancer is strategically hazardous. While engagement with the US remains essential for technology, trade, and Indo-Pacific stability, India cannot afford to rely on a Trump-led US or expect avoidance from economic coercion.

India must make prudent use of this space by bolstering deterrence and accelerating economic transformation

Russia has been pushing for the RIC trilateral as a symbol of multipolarity and as a diplomatic buffer against Western pressure. Trump's overdrive on tariffs on countries trading/buying energy from Russia, Venezuela, and Iran includes the RIC.

While maintaining economic and scientific ties with the US and the Quad (Australia, India, Japan and US), India's engagement with Russia and China provides some bargaining chips when facing US tariff threats. From an Indian perspective, RIC offers leverage and some strategic signalling value to India. For China, RIC is another platform (alongside BRICS and SCO) to showcase non-Western leadership and to avoid complete isolation in Asia amid intensifying US strategic and economic coercion.

In geopolitical terms, Trump's military operations in Venezuela and Iran, oil-linked tariffs, and overall tariff war encourage a tactical India-China reset and some convergence in opposing unilateral sanctions and regime change, without diluting their rivalry in the Indo-Pacific. It strengthens the logic of

issue-based alignment among RIC. It, however, stops well short of forging a cohesive anti-US strategic bloc, with fluid, transactional multipolarity in which India and China both hedge against and bargain with the US. Trump's actions make RIC more relevant, but do not resolve its internal contradictions. However, if Trump's coercive unilateralism continues, RIC may gain more traction than before.

India is at the top of the list of BRICS countries that were subjected to high US tariffs. Although appealing, the idea of a coordinated BRICS response is not gaining traction. The \$700 billion in intra-BRICS commerce is insignificant compared with their collective \$5 trillion in trade with the US,

despite the exploration of alternative payment methods such as a Rupee-Ruble exchange.

However, Trump has unintentionally brought BRICS closer than before by attacking Iran unilaterally. A realignment towards a coordinated reaction might result from this. This shows that both nations are inclined to oppose unfair tariffs and forced trade.

Way forward

Realism, not romanticism, must be the foundation of India's strategic response. First, stability and effective deterrence along the LAC are still inescapable. Along with pressure for verified de-escalation and updated confidence-building measures, infrastructure acceleration, surveillance, logistics, and rapid-reaction capabilities must continue.

Second, a key component of strategic autonomy is technical and economic resilience. While acknowledging that selective interaction with China is still inevitable, India must diversify and develop indigenous capability in order

to lessen its crucial reliance on Chinese supply chains. Policy should be guided by strategic screening rather than indiscriminate decoupling.

Third, in order to neutralise Chinese influence, it is necessary to institutionalise multi-alignment. In order to maintain flexibility and prevent proxy entanglements, engagement with the Quad, BRICS, SCO, and bilateral partners should take place concurrently.

In a world marked by coercive economics, hegemonic design of both the US and China, uncertain US-China dynamics and shifting power balances, managing the Dragon without illusion, and multiple engagement with strategic partners without dependence will define India's strategic maturity and its emergence as an autonomous pole in a genuinely multipolar world order.

The India-China engagement in 2025-2026 is a product of necessity amid global turbulence, not trust. It can best be described as cautious re-engagement or careful reset, emphasising that economic interdependence is being rebuilt, despite mutual suspicion. It offers breathing space amid US tariff pressures and global uncertainty, not resolution. In order to maintain strategic independence while core disputes are on hold, India must make prudent use of this space by bolstering deterrence, accelerating economic transformation, and broadening strategic options.

The China-India reset is particularly important, given an increasingly unreliable US under the Trump administration, which is unlikely to change in 2026. The geopolitical situation demands that India's approach focus on realism: Keeping a credible deterrence along the LAC, improving economic and technological resilience, strengthening regional and maritime power, and establishing a multi-aligned strategy to navigate between coercion and coexistence in the current challenging and geopolitically turbulent environment. ■