Center for Security Studies

STRATEGIC TRENDS 2023

Key Developments in Global Affairs

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We hope you will enjoy reading *Strategic Trends 2023.* Should you have any feedback, please do not hesitate to contact us at brian.carlson@sipo.gess.ethz.ch and oliver.thraenert@sipo.gess.ethz.ch.

With warm regards from Zurich,

Brian G. Carlson
Team Head, Global Security

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Head of Think Tank

Order and Alignment

Recent trends in international relations, especially the intensification of great-power rivalry, have the potential to create far-reaching changes in world order. Russia's war in Ukraine, which at the time of writing appeared likely to continue for a prolonged period, challenges the norms of state sovereignty and non-aggression. China's increasingly aggressive military behavior around Taiwan raises concerns about a potential invasion in the coming years, as well as the broader challenge to both the regional and global orders that China might pose. Together, China and Russia seek to reshape the world order by reducing the power of the United States and building their own spheres of influence.

These challenges to the world order that China and Russia pose, which Brian G. Carlson discusses in his chapter, have important implications for the diplomatic alignments of countries around the world, whether large, medium, or small. Rival alignments featuring the United States and its allies and partners, on one hand, and China and Russia, on the other, increasingly characterize the world order. US President Joe Biden's administration frames contemporary international politics as a clash between democracies and autocracies. One result of this growing rift is that events in Europe and Asia are increasingly interlinked, as some of the chapters in this volume make clear.

As its rivalry with China grows, the United States seeks to strengthen its position in security, economic, and technological competition. The latter arena, which is closely linked to both economics and security, features competition for leadership in emerging high-tech fields. This includes competition in both the innovation of new technologies and the setting of international standards to regulate their use. In this competition, the United States requires the support of allies in both Europe and Asia. Advanced sectors of the tech economy, including

semiconductors, now have complex, interdependent supply chains that span the globe. Therefore, efforts to thwart China's technological progress require cooperation between the United States and allies such as the Netherlands and Japan, as Sophie-Charlotte Fischer discusses in her chapter.

In security competition, events in Europe and Asia also have significant effects on the other region. As the US-China competition intensifies, US efforts to fulfill security commitments and to support allies and partners in both Europe and Asia are coming under increasing strain. Under these circumstances, the United States seeks to encourage its allies and partners in both regions to increase their defense spending in order to bear a greater share of the burden for their own security. The United States has also encouraged its NATO allies to increase their focus on the strategic challenges that China poses. As security competition intensifies in both Europe and Asia, the US ability to offer reliable extended nuclear deterrence to allies in both regions remains crucial. As Névine Schepers discusses in her chapter, the credibility of the US nuclear umbrella in both regions is interconnected. In both regions, allies judge the credibility of US extended nuclear deterrence based at least partly on their perception of its credibility in the other region.

As new diplomatic alignments take shape, featuring new forms of cooperation among the United States and its allies in both Europe and Asia, other countries must decide how to position themselves. India is perhaps the most interesting example, as Boas Lieberherr explores in his chapter. Since the end of the Cold War, India has pursued a foreign policy of strategic autonomy. In a continuation of longstanding ties, India has maintained close relations with Russia, which has been a valuable source of weapons for the Indian military. India has also participated in international institutions such as the BRICS (Brazil, Russia, India, China, and South Africa) grouping, reflecting the desire that it shares with China and Russia to increase the non-Western world's weight in the international system. In recent years, however, rising tensions with China have caused India to seek closer cooperation with the United States and other democracies, including in the framework of the Quadrilateral Security Dialogue, or Quad, which also includes Japan and Australia. As international diplomatic alignments harden, India faces significant challenges in charting its strategic course.

These strategic trends, featuring a changing world order and the formation of new alignments, are the subject of the four chapters in this volume.

In the first chapter, **Brian G. Carlson** discusses the challenges to world order that China and Russia pose, both separately and through their partnership. He also analyzes the prospects for a revived liberal international order, including its usefulness in meeting the challenge from China and Russia.

In the second chapter, **Sophie-Charlotte Fischer** analyzes the US quest to deny China access to critical technology and know-how through allied export controls. Using the recently imposed US export controls on China's semiconductor sector as an example, she highlights the challenges Washington faces in gaining the support of its allies for the sweeping restrictions.

In the third chapter, **Névine Schepers** discusses how a worsening global security environment and rising nuclear threats have brought to the forefront the crucial role played by US alliance networks in both Europe and Asia, the extended deterrence arrangements on which they rely – including their nuclear components – and the increasing interconnectedness between both regions.

In the fourth chapter, **Boas Lieberherr** analyzes India's foreign policy and argues that New Delhi seeks to avoid overdependence on any country while leveraging diverse partnerships in a quest for security and status as an emerging major power. He highlights three major trends: India's primary goal – and constraint – of economic development, a more complicated strategic environment due to the rise of China, and closer alignment with the US and its allies.

CHAPTER 1

China, Russia, and the Future of World Order

Brian G. Carlson

China and Russia pose illiberal challenges to world order, most visibly at present in Russia's aggression against Ukraine and in the threat that China poses to Taiwan. Shared views on world order, particularly the desire to reduce US power and to resist universal claims for democracy and human rights, are an important driver of the China-Russia partnership. Despite recent setbacks, the concept of a liberal international order remains valuable in addressing the challenges that China and Russia pose.

Russia's President Vladimir Putin holds talks with China's President Xi Jinping via a video link from Moscow, Russia, December 30, 2022. *Sputnik / Mikhail Kuravlev / Kremlin via REUTERS*

Manifestations of intensifying great-power rivalry, most notably Russia's war in Ukraine and China's increasingly menacing posture toward Taiwan, raise profound questions about the future of world order. Russia's invasion of Ukraine clearly violated the UN Charter, its attacks on civilian targets breached the laws of war, and its aggression and nuclear threats imperiled European and international security. Meanwhile, the increasing scope and tempo of China's military exercises, missile launches, and military aircraft flights in the waters and airspace surrounding Taiwan heightened concerns about a possible invasion in the coming years. In both Ukraine and Taiwan, the aspirations of people wishing to live in free and democratic societies are under threat.

Beyond their separate actions, China and Russia continue to tout their partnership. The joint statement that Chinese President Xi Jinping and Russian President Vladimir Putin issued in February 2022, less than three weeks before Russia's invasion of Ukraine, not only declared that the two countries enjoyed a friendship with "no limits," but also outlined many of their shared views on world order. In practice, limits to the relationship are apparent. Throughout Russia's war in Ukraine, China has maintained a stance of pro-Russian neutrality, offering rhetorical support and a boost to Russia's finances through increased energy purchases while refraining, at least as of this writing, from providing Russia with weapons or helping it to evade sanctions. As Xi and Putin reaffirmed during a video conference in late December 2022, China and Russia remain committed to their partnership. In February 2023, the United States claimed that it had intelligence suggesting that China was considering whether to provide Russia with weapons. Despite China's relatively restrained support for Russia to date, Xi might regard the war in Ukraine as "the opening salvo in a broad East-versus-West confrontation for control of the international system."[1]

These events underscored growing concerns about illiberal challenges to world order. In the framing of US President Joe Biden's administration, the future of world order is the subject of an intensifying struggle between democracies and autocracies. The administration's National Security Strategy, which was released in October 2022, declares that the most pressing challenge to US foreign policy comes from "powers that layer authoritarian governance with a revisionist foreign policy." In this document's telling, both Russia and China challenge international peace and stability, including by "exporting

Actions and Statements by China and Russia Pertaining to World Order

Year	Event
1991	Russian Federation is formed following breakup of Soviet Union
1991	China establishes diplomatic relations with Russian Federation
1996	Establishment of “strategic partnership”
1997	Joint Declaration on a Multipolar World and the Establishment of a New International Order
2001	Formation of Shanghai Cooperation Organization
2001	Treaty of Good-Neighborliness, Friendship, and Cooperation
2004	Russia denounces Orange Revolution in Ukraine
2005	Joint Declaration on World Order in the 21st Century
2007	Russian President Vladimir Putin denounces US dominance of international system during speech at Munich Security Conference
2008	Russia-Georgia war
2009	First formal summit of BRIC (Brazil, Russia, India, China). South Africa joins in 2010, forming BRICS.
2012	Putin returns to Russian presidency
2012	Xi Jinping becomes general secretary of the Chinese Communist Party
2013	Xi declares formation of Silk Road Economic Belt (SREB) and Maritime Silk Road (MSR), two components of eventual Belt and Road Initiative (BRI)
2014	Russia annexes Crimea, begins support for insurgency in eastern Ukraine
2014	Russia, Belarus, and Kazakhstan sign treaty to form Eurasian Economic Union (EEU)
2014	China announces creation of Asian Infrastructure Investment Bank (AIIB)
2015	China and Russia agree to link SREB and EEU
2017	Xi declares China’s goal to become “a global leader in terms of composite national strength and international influence” by 2050
2019	Joint statement proclaims relationship of “comprehensive partnership and strategic interaction entering a new era”
2022	Joint statement on International Relations Entering a New Era and Global Sustainable Development declares that China-Russia friendship has “no limits” and “no forbidden zones of cooperation” (February 4)
2022	Russia invades Ukraine (February 24)

Sources: Author’s compilations

an illiberal model of international order," though the nature of their respective challenges differs in important respects. "Russia poses an immediate threat to the free and open international system, recklessly flouting the basic laws of the international order today, as its brutal war of aggression against Ukraine has shown," the document states. China, by contrast, "is the only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to advance that objective."[2]

Among liberal democracies, discussions of world order often focus on the concept of a liberal international order. This concept, like the closely related notion of a rules-based international order, remains contested in both conceptual and policy terms. In general, however, a liberal international order refers to an order in which the participating states interact on the basis of mutually agreed rules, cooperate in multilateral institutions to solve common problems, engage in open economic exchange, and value democracy and human rights. The notion of a liberal international order has suffered setbacks in recent years, largely as a result of developments within the liberal democracies themselves. These include domestic political tensions surrounding contentious issues such as immigration, national identity, social values, and the economic dislocations resulting from free trade. The liberal democracies must address these issues if they are to rebuild the domestic consensus for a liberal international order.[3]

This chapter, however, focuses on the challenges that China and Russia pose to world order. The momentous events of the past year suggest that the struggle over world order is likely to intensify. The course of this struggle will affect the prospects for multilateralism in the years ahead. It therefore has important implications for the United Nations, including its Geneva-based institutions, and for Switzerland, which holds a non-permanent seat on the UN Security Council in 2023–2024. The following sections examine the concept of a liberal international order and the challenges that it faces, the respective views of world order held by China and Russia, the two countries' cooperation on issues of world order, and possible long-term sources of divergence in their views. The concluding section examines future scenarios for the world order and possible objectives for Western policymakers to pursue.

The Problem of World Order

As Henry Kissinger writes, no truly global "world order" has ever existed. The contemporary international

system is based on Westphalian principles, so named for the Treaty of Westphalia, which was the product of negotiations in the German region of this name to end the Thirty Years' War (1618–1648). Under this treaty, independent states enjoyed sovereignty over the territory under their control and refrained from interference in the domestic affairs of the other states. Westphalian principles eventually spread around the world, largely as a result of European imperialism, creating the modern system of sovereign states. As Kissinger writes, these principles now constitute "the sole generally recognized basis of what exists of a world order" even as they have no natural defender and "are being challenged on all sides."[4]

After the end of World War II, the United States exercised leadership in creating the institutions that form the basis of today's world order. Following the adoption of the UN Charter in 1945, the United Nations began operations as an intergovernmental organization with worldwide membership aiming to uphold international security and international law. As permanent members of the UN Security Council, the United States, Britain, France, the Soviet Union, and China held veto power over the council's resolutions. Chiang Kai-shek's Nationalists held China's seat on the council until 1971, when the People's Republic of China (PRC) claimed it. Following the breakup of the Soviet Union in 1991, the newly established Russian Federation inherited the Soviet seat on the council. The UN embodies Westphalian principles of state sovereignty and non-aggression.

In addition to the UN system, the United States also led the creation of an order with more limited membership that was designed for Cold War security competition with the Soviet Union. This was a partial or bounded order, rather than a global order, with Western liberal democracies and other US allies as its core. In the security sphere, this order included the North Atlantic Treaty Organization (NATO) and US alliances in Asia. In the economic realm, it consisted of the Bretton Woods institutions, namely the International Monetary Fund (IMF) and the World Bank, as well as the General Agreement on Tariffs and Trade (GATT), the precursor to today's World Trade Organization (WTO). The organizing principles of this order thus included open trade, cooperative security, multilateralism, democratic solidarity, and US leadership.[5] The Soviet Union led its own competing order, consisting of institutions such as the Warsaw Pact and the Council for Mutual Economic Assistance (COMECON). Compared

to the US-led system, the Soviet bloc was weakly institutionalized and overwhelmingly characterized by top-down control from Moscow.

The end of the Cold War led to a widespread belief in the triumph of liberal democracy and capitalism. The United States and its allies embarked upon efforts to spread these ideas worldwide, as well as to expand the international institutions that originally developed inside the US-led Cold War bloc. In the security realm, NATO expanded to include several new member-states in Central and Eastern Europe. In the economic arena, ambitions to expand the liberal international order were global in scope. These efforts largely focused on integrating China and post-Soviet Russia into this order. The United States pursued a policy of engagement with China that eventually led to its WTO membership in 2001. The G-7 group of advanced democratic capitalist countries welcomed Russia into its ranks, making it the G-8, and Russian membership in the WTO eventually followed in 2012.

These efforts failed to fulfill the expectation of the 1990s, however. Starting in that decade, relations between Russia and the West deteriorated over issues such as NATO expansion, Russia's wars in Chechnya, the failure of Russian democracy, and Russian opposition to "color revolutions" on its doorstep. Meanwhile, engagement with China failed to promote domestic political change in that country, while China's increasingly assertive international behavior, starting after the 2008 financial crisis and gaining momentum after Xi came to power in 2012, belied hopes that China would eschew revisionist aims and support the international status quo. As these events unfolded, China and Russia steadily increased their own bilateral cooperation in diplomatic and security affairs. These developments led to concerns that China and Russia, through their authoritarian domestic regimes and assertive foreign policies, would threaten the preservation and strengthening of a liberal international order.

The idea of a liberal international order can refer either to an order that has liberal characteristics or to one based on cooperation among liberal democracies.[6] The liberal characteristics of an order reflect at least three important principles. The first, based on liberal institutionalism, is that the creation of a web of international institutions allows countries to solve problems cooperatively on the basis of multilateralism in an open, rules-based, and peaceful international order. The second, based on interdependence theory, is that steadily

expanding economic interdependence among nations not only promotes prosperity, but also serves as a force for peace. The third, based on democratic peace theory, is that democracies do not fight wars against each other. Therefore, efforts should be made to spread democracy around the world. Closely associated with this belief is the desire to promote human rights, at times through humanitarian interventions that run counter to Westphalian principles.

Efforts during the post-Cold War era to establish a liberal international order of global scope, based on the above principles, have largely failed.[7] Cooperation among liberal democracies, therefore, is now the most promising arena for the preservation and flourishing of a liberal international order. When efforts to expand the geographic scope of the liberal order stall, as appears to be the case at present, then the essential remaining objective is to ensure a favorable international environment for the survival of liberal democracy in the states where it already exists. In Woodrow Wilson's phrase, the goal is to build "a world safe for democracy."

In recent years, efforts to strengthen a liberal international order have encountered clear setbacks. In addition to the problems within liberal democracies themselves, foreign military interventions that aimed at nation-building and democracy promotion ended in failure, as in Iraq and Afghanistan, leaving US and European publics disillusioned with such enterprises. Efforts to build an expansive liberal international order also provoked opposition abroad, especially from illiberal states such as China and Russia. As the Biden administration's National Security Strategy noted, China and Russia challenge the world order in differing ways, as befits differences in their status and roles. In the words of a recent RAND study, China is "a peer, not a rogue," while Russia is "a rogue, not a peer."[8] Russia has mounted a great-power resurgence in recent years, allowing it to act as a disruptive force in the international system, but it has suffered damage from the war in Ukraine and faces uncertain long-term prospects. China, as an emerging superpower and competitor to the United States, has the potential to challenge the existing world order in fundamental ways.

China's Challenge to World Order

Over the past few decades, China has gradually deepened its integration into the international system. Following the death of Mao Zedong and the beginning of "reform and opening" under Deng Xiaoping, China joined several international institutions.

These included arms control institutions, such as the Conference on Disarmament and the Comprehensive Test Ban Treaty Organization, as well as regional organizations such as the ASEAN Regional Forum.[9] After the end of the Cold War, the United States encouraged China's further integration into the global economy and international institutions, a process that culminated in China's WTO accession. This US policy of engagement aimed to encourage both domestic reform in China and cooperative behavior in China's foreign policy. In 2005, Robert Zoellick, who was then US deputy secretary of state, encouraged China to become a "responsible stakeholder" in the international system.[10]

At present, China's support for the existing international order varies by issue. For example, China strongly supports the UN system, offers moderate support for the international trade order as embodied in the WTO, and strongly opposes universal claims for democracy and human rights.[11] China supports Westphalian aspects of the international order, including state sovereignty and non-interference in the domestic affairs of states, which have been pillars of its foreign policy dating back to the Principles of Peaceful Coexistence of 1954. China's support for liberal elements of the order, however, is mixed at best. In addition to its clear opposition to an international order based on liberal political values, China's support for a liberal economic order is subject to important constraints. As befits a country that has reaped immense gains from globalization, China generally supports an open world economy. However, China's own mercantilist practices, including the party-state's strong role in the economy and restrictions on foreign access to China's domestic markets, are in conflict with the principles of market economics and fair competition that underpin the world economic order.[12]

In recent years, the failure of the US engagement policy toward China has become increasingly clear.[13] Contrary to hopes that engagement would lead to domestic reform in China, Xi has further curtailed domestic political rights and strengthened the state's role in the economy. He has also pursued an increasingly assertive foreign policy, confounding hopes that China would become a responsible stakeholder in the international system. These trends have important implications for world order, raising concerns that China could seek to create a world that is "safe for autocracy."[14] Despite China's participation in the international system and adherence to many of its principles, Chinese leaders remain acutely aware that they had no part

in making the rules of this system. As Kissinger notes, they have long expected the international system to adapt in ways that grant them a greater say over rule-making, even to the extent of revising some of the existing rules. Sooner or later, Kissinger predicts, they are sure to act on this expectation.[15]

Such efforts already appear to be in their early stages and are visible in several dimensions. China has already created or participated in the formation of several new multilateral institutions of which the United States is not a member, including the Shanghai Cooperation Organization (SCO), the BRICS (Brazil, Russia, India, China, South Africa) grouping, the Belt and Road Initiative (BRI), the Silk Road Fund, the New Development Bank, the Asian Infrastructure Investment Bank (AIIB), and the Regional Comprehensive Economic Partnership (RCEP). China has also become increasingly active in existing international institutions, aiming to reshape them from within. For example, China has sought to strengthen its influence in international economic institutions, as well as to revise human rights norms in ways that conform more closely to China's preferences.

China appears determined to establish its own sphere of influence in East Asia. In this vision, China would regain the historical position that it held for centuries at the top of a regional hierarchy, with other Asian countries showing deference to China's leadership.[16] China would also break the US alliance network in Asia and limit US presence and influence in the region. China's ambitions may be far more expansive than this, however.[17] In his speech to the 19th National Congress of the Chinese Communist Party (CCP) in 2017, Xi said that China had entered a "new era" in which it should "take center stage in the world." At the 20th Party Congress in October 2022, during which Xi secured a third term as general secretary, he declared that "the world is undergoing profound changes unseen in a century, but time and situation are in our favor."

Along with the "China Dream" of the "great rejuvenation of the Chinese nation," Xi has proposed the creation of a "community of common destiny for all mankind." This concept, which is closely linked with the BRI and with China's efforts to build influence in the Global South, remains opaque. However, it suggests that China might aim not only to build a sphere of influence in Asia, but also to create a Sinocentric world order in which China plays the leading role in shaping global rules and norms.[18] In this view, China's aim would not

be to rule the entire world, but to establish itself as the world's dominant power by assuming the leadership of a diverse grouping of states, consisting largely of non-democratic developing countries from the Global South, that it can attract into its orbit.[19] The deal that China brokered in March 2023 to restore diplomatic relations between Iran and Saudi Arabia, which could greatly enhance China's stature in the Middle East, is consistent with this approach.[20]

Regime security, which requires preserving the CCP's hold on power against threats both domestic and foreign, lies at the heart of Xi's conception of world order. In 2013, consistent with longstanding CCP concerns, Xi issued Directive No. 9, which declared that liberal democracy was a foreign idea that threatened China's domestic security. The following year, Xi introduced the Overall National Security Outlook (ONSO), which established a broad framework for responding to both traditional and emerging security threats. As the implementation of the ONSO has made clear, the understanding of national security contained in this document focuses overwhelmingly on political security, namely the preservation of CCP rule.[21] In the years following its introduction, Xi applied this framework to domestic security as he cracked down on internal dissent, established a network of detention centers in Xinjiang, and eroded Hong Kong's democratic freedoms. His announcement of the Global Security Initiative (GSI) in April 2022 signaled the application of this framework to foreign policy, including efforts to shape the world order to China's advantage.[22]

In its efforts to reshape the world order, China increasingly seeks to weaken the influence of liberal democracies in international institutions. Some of its actions suggest the further aim of subverting fundamental elements of the international system. These include China's maritime claims in the South China Sea and other bodies of water. China dismissed the July 2016 ruling by the International Court of Arbitration in The Hague that rejected its sweeping claims to control over the South China Sea, arguing that the court lacked jurisdiction in the matter. Recently, China has claimed the Taiwan Strait as its own territorial waters. Such claims pose potential threats to freedom of navigation.[23]

China also resists the application of international human rights norms, as embodied in the 1948 Universal Declaration of Human Rights. The Republic of China participated in the negotiation of this document, which occurred prior to the communist

victory in the Chinese civil war, but the CCP was absent. China has resisted efforts by the UN Human Rights Council (UNHRC) to condemn China's treatment of the Uyghurs and other ethnic-minority Muslims in Xinjiang. It has rallied support for its position in the UNHRC from many developing countries that have been the recipients of Chinese aid and investment, including several Muslim-majority countries. After UN High Commissioner for Human Rights Michelle Bachelet issued a report in the summer of 2022 that sharply criticized China's human rights abuses in Xinjiang, China suspended its cooperation with the High Commissioner's office. In the technology sphere, China's efforts to set global standards in areas such as 5G, Internet governance, Artificial Intelligence (AI), biotechnology, and the Internet of things could help to wire the world in ways that benefit its own authoritarian system.[24]

China's efforts to reshape the world order are in their formative stages. Xi and other Chinese leaders most likely have not reached firm conclusions about their ultimate vision. Their intention to erode the international system's emphasis on liberal political values, however, seems clear. A careful reading of Xi's writings and speeches to party cadres, moreover, reveals his sincere belief in Marxist ideology and in socialism with Chinese characteristics. The US-China rivalry and the associated struggle over world order, therefore, are likely to feature an ideological struggle between democratic capitalism and socialism. Moreover, by some indications, Xi may view Westphalian principles as a foreign concept that should eventually be replaced. Such ideological factors could feature prominently in China's efforts to build a world order that is conducive to the flourishing of its one-party, authoritarian system.[25]

Russia's Challenge to World Order

In the early years following the collapse of the Soviet Union, the United States worked with Russian President Boris Yeltsin's administration in an effort to integrate Russia into the West. This effort lost momentum amid the failure of political and economic reforms in Russia and rising US-Russia tensions over NATO expansion and other issues. The appointment of Yevgeny Primakov as foreign minister in 1996 signaled the shift from a pro-Western to a Eurasianist foreign policy. Putin made renewed efforts to improve relations with the West early in his presidency, especially following the 2001 terrorist attacks in New York and Washington. Eventually, he grew disillusioned and angry with what he viewed as the West's refusal to respect Russia's interests as a great power. In

response, he sought to establish Russia as an independent great power in a multipolar world.

Putin viewed the post-Cold War international system as a unipolar order that left the United States largely free, at least for a time, to pursue unconstrained hegemony. The concept of a liberal international order was, in Putin's view, merely a means by which the United States pursued its hegemonic ambitions. Democracy promotion and human rights advocacy, including the doctrine of humanitarian intervention and support for democratic color revolutions, were simply part of efforts by the United States to bring more countries into its orbit and to dominate the world.[26] Putin expressed these views forcefully during his speech at the Munich Security Conference in 2007, accusing the United States of engaging in "an almost uncontained hyper use of force—military force—in international relations" and having "overstepped its national borders in every way." In this speech, as on many other occasions, Putin argued that a unipolar order was unsustainable and that multipolarity was in the process of formation.[27]

Putin and other top Russian officials, including Foreign Minister Sergei Lavrov, have argued repeatedly in favor of adherence to international law, based strictly on the UN Charter and Security Council resolutions, and against conceptions of a liberal or rules-based international order. They frequently mention the cases of Iraq, Kosovo, and Libya as examples in which the United States and other Western democracies ignored international law. The NATO bombing campaign against Serbia in 1999 and the US-led war in Iraq in 2003 both proceeded without Security Council approval. Russia declared that international recognition of Kosovo's independence in 2008 had no basis in international law. After abstaining from a UN Security Council resolution to establish a no-fly zone in Libya, Russia accused Western countries of overstepping the resolution's mandate by supporting the successful effort to topple Muammar Gaddafi's government. Russian leaders cited such cases to justify their own aggression against Georgia and Ukraine. Despite its frequent expressions of support for UN principles of state sovereignty and territorial integrity, in practice Russia views true sovereignty as the prerogative of great powers. The sovereignty of less powerful countries that depend on great powers for their security, in the Russian view, is subject to constraints.[28]

As with China, Russia supports some aspects of the existing world order. Russia generally supports those

elements of the order that it perceives as beneficial to its interests and opposes those that threaten to undermine them. Russia strongly supports the UN system, which grants it a veto in the Security Council. Russia fiercely opposed NATO expansion, arguing that the Organization for Security and Cooperation in Europe (OSCE), of which Russia is a member, would have been the proper multilateral format for addressing European security. In the field of arms control, Russia supports those elements that serve its interests, such as the nuclear nonproliferation regime and, until recently, the New START Treaty, but opposes other aspects that it perceives as disadvantageous, as in its withdrawal from the Conventional Forces in Europe (CFE) Treaty, its violation of the Intermediate-Range Nuclear Forces (INF) Treaty, and its decision in February 2023 to suspend participation in New START. Like China, Russia opposes universal claims for democracy and human rights, including the doctrine of humanitarian intervention and color revolutions, and supports strong state control over the flow of information on the Internet.[29] Putin not only opposes efforts to expand liberal values around the world, but also claims that this effort has run its course. In 2019, he declared that “the liberal idea has become obsolete” because it had “outlived its purpose.”[30]

Disillusioned with the notions of world order that the United States and other Western liberal democracies advance, Russia has responded in several ways. In its relations with liberal democracies, it has aimed to disrupt their preferred conceptions of world order. One of the major motivations behind Russia’s war against Georgia in 2008, its annexation of Crimea in 2014, its support for insurgents in the Donbas starting that same year, and its full-scale invasion of Ukraine in 2022 was to halt further integration of post-Soviet countries into NATO, the EU, and other Western institutions. In an effort to establish itself as an independent great power, Russia also led processes of Eurasian integration. These included the formation and development of the Eurasian Economic Union (EEU), as well as efforts to bolster Russia’s security role in post-Soviet territories through the Collective Security Treaty Organization (CSTO). Finally, in an effort to increase its leverage in the international system, Russia also strengthened its partnership with China and other BRICS countries. Russian leaders recognized that the reorientation of their foreign policy to the south and east came with the risk of increased dependence on China, but they believed that the West’s unwillingness to respect their interests left them with no other choice.[31]

China-Russia Cooperation on World Order

Throughout the post-Cold War era, as China and Russia have drawn steadily closer in their relations, shared views on a range of issues pertaining to world order have been a major driver of the relationship. This convergence of views has been apparent in the UN Security Council, where China and Russia have cooperated closely. On all 14 occasions since 2007 in which China has exercised its veto power in the Security Council, Russia has joined China in casting its own veto.

The similarity in the national identities of China and Russia, deriving largely from the legacy of communism in both countries and shared discomfort with a US-led order, has stimulated increased bilateral cooperation.[32] A shared opposition to liberal hegemony, or the promotion of universal claims for democracy and human rights backed by preponderant US power, played a particularly important role in the deepening of China-Russia cooperation. The leadership of both countries viewed liberal hegemony as a threat to their continued hold on power.[33] Concerns about regime security, therefore, gave both countries a powerful incentive to cooperate with the other. In the case of Russia, for example, the country's economic and social well-being arguably would have been better served by the pursuit of integration with the West. Such a course might have threatened Putin's autocratic regime, however. The objective of staying in power counseled cooperation with China instead.[34]

In their joint statement of February 4, 2022, China and Russia laid out their own vision of world order. The joint statement reprised a litany of complaints about the US-led order that the two countries have made for more than a quarter-century, while also adding some new points. The two countries declared their support for an international law-based order with a central and coordinating role for the United Nations and the UN Security Council. They called for an international order based on multipolarity, respect for each state's right to choose its own development path, and the protection of human rights in accordance with the situation in each country. They declared their opposition to unilateralism, the resort to force, interference in other countries' sovereign affairs, the promotion of color revolutions, the use of democracy and human rights to pressure other countries, and the imposition of economic sanctions. They also expressed opposition to any further expansion of NATO and to closed bloc structures in the Asia-Pacific, noting their particular concern about

UN Security Council Vetoes

PEOPLE'S REPUBLIC OF CHINA

1971–1991: **1**

Total Vetoes 1971–present: **17**

1991–present: **16**

SOVIET UNION / RUSSIAN FEDERATION

1945–1991 (Soviet Union): **90**

Total Vetoes 1945–present: **122**

1991–present (Russian Federation): **32**

Vetoes 1991–present: **16**

Joint vetoes 1991–present: **14***

Vetoes 1991–present: **32**

* These 14 instances of joint vetoes by China and Russia represent all of China's vetoes since 2007.

Sources: Dag Hammarskjöld Library, United Nations

the US Indo-Pacific Strategy and the Australia-US-UK (AUKUS) security partnership.[35]

China and Russia have called for the formation of a multipolar world regularly since first expressing this idea in a joint declaration in 1997. In contrast to the international system of the immediate post-Cold War period, which they characterized as a unipolar order that allowed the United States to practice "hegemonism," a multipolar world would bring democracy to the international system in the sense of allowing a wide variety of states to have a say in the world order. In a multipolar world, China and Russia contend, the major powers could coexist peacefully on the basis of mutual respect for civilizational differences and each state's right to choose its own political system and development path. In a particularly strained argument that appeared in the February 4 statement, China and Russia assert that each state should be able to decide for itself what constitutes a democratic form of domestic governance. China and Russia also aim to undermine the US dollar's dominant role in the international economy.

This expression of common views on world order raises a number of problems, however. For all their talk of state sovereignty, China and Russia appear to believe that this prerogative applies only to great powers such as themselves. Russia violated the sovereignty of Georgia by invading that country in 2008. It has violated Ukraine's sovereignty since annexing Crimea in 2014 and initiating support for insurgents in the Donbas starting that same year. Russia's full-scale invasion of Ukraine in 2022 was the most blatant example of its rejection of Ukrainian sovereignty. Initially, the invasion appeared to aim at regime change in Kyiv or possibly even the extinguishing of Ukrainian statehood. In September 2022, Putin declared the annexation of four Ukrainian provinces. Although Russian forces were not fully in control of any of them, it remained unclear, at the time of writing, how much of its territory Ukraine would be able to regain, either through fighting or negotiations. The Baltic countries and other NATO member states in Central and Eastern Europe perceive an ongoing security threat from Russia.

For its part, China's apparent desire to stand at the top of a hierarchical order in East Asia could lead to the curtailment of other Asian states' sovereignty. China's behavior in its South China Sea disputes with neighboring countries exemplifies this tendency. A famous outburst at an ASEAN summit in 2010 by Yang Jiechi, who until recently served as China's top foreign policy

official, was illustrative. In response to criticism of China's South China Sea policies by US Secretary of State Hillary Clinton, Yang snapped at the assembled representatives of Southeast Asian countries: "China is a big country and you are small countries and that is a fact." As mentioned above, Xi may believe that the Westphalian system should eventually be replaced. In Asia, this could indicate his preference for China to stand at the head of a regional hierarchy, in a new order reminiscent of the historical Chinese conception of *tian xia* ("all under heaven").

Advocacy by China and Russia of international law and the central role of the UN also rings hollow in many cases. Russia's invasion of Ukraine is a blatant violation of the UN Charter's prohibition on interstate aggression. Its conduct of the war, including atrocities committed by Russian soldiers and intentional assaults on civilian populations, violates the laws of war. Despite its professed commitment to the principles of state sovereignty and territorial integrity, China has abstained from resolutions in the UN Security Council and General Assembly to condemn Russia's aggression against Ukraine and annexation of its territory. China has also at times ignored international law and breached treaty agreements, as in its rejection of the international court ruling against its claims in the South China Sea and in its violation of the 1984 Sino-British Joint Declaration governing Hong Kong's return to China in 1997.

China and Russia pose a special challenge to the cause of international human rights. The two countries have maintained a "tactical alliance" to shield themselves from criticism in the UN, including Geneva-based bodies such as the UN Human Rights Council.[36] Following the revelation of atrocities by Russian soldiers in the Ukrainian city of Bucha, Russia was expelled from the UNHRC. China continues to engage actively in this body, where it seeks to shield itself from criticism of its human rights record, particularly in Xinjiang, where it has reportedly placed 1 million or more Uyghurs and other ethnic-minority Muslims in internment camps. China's aim is not to overturn the Universal Declaration of Human Rights, but rather to change international human rights norms by achieving outcomes in the UN General Assembly and the UNHRC that support its positions. Russia, by contrast, invests much less energy in such efforts and appears to be much less concerned than China when it becomes the target of such votes.[37]

From the standpoint of liberal democracies, one danger is that China

and Russia could extend their efforts beyond defensive actions against the spread of liberal democracy and take more assertive action that could make the world unsafe for democracy. The future of liberal democracy in both Ukraine and Taiwan is under threat. China and Russia provide support to North Korea, Iran, and other autocratic countries that threaten the peace of their regions. Russia has interfered in liberal democracies for many years, and China could become more active in this area, possibly with Russia's support.

Potential China-Russia Divergence on World Order

Despite the congruence between Chinese and Russian views of world order, as well as their growing cooperation on these issues, differences also exist between the two countries that could become increasingly apparent over time. The close relationship that the two countries enjoy at present is likely to last for at least as long as Putin and Xi remain in power, and perhaps for much longer. Over time, however, a divergence of views on such issues as multipolarity and spheres of influence could cause the relationship to fray.[38]

As mentioned above, China and Russia have consistently expressed a desire for multipolarity over the past quarter-century. Russia's desire for multipolarity seems genuine. Its main goal is to establish itself as an independent great power. As a former superpower with no realistic chance of regaining this status, Russia's only hope is to re-establish itself as a great power in a multipolar world. Russia joins China in opposing a US-led unipolar world. It also expressed discomfort with the idea, floated in the aftermath of the 2008 financial crisis, of a G-2 world in which the United States and China, as the world's two dominant powers, would play a leading role in the management of world affairs. Russia cannot establish itself as a major power in either a US-led unipolar world or in a bipolar world defined by the US-China rivalry. It can only do so in a multipolar world.

Despite China's frequent expressions of support for multipolarity, it remains unclear whether this is really China's vision for the long term. At present, China supports the concept of multipolarity because the existence of other powerful countries that oppose the United States, especially Russia, helps to relieve some of the pressure on China. If the world were to transition rapidly into US-China bipolarity, with Russia either unwilling or unable to provide meaningful support to China, then China might find itself standing alone in the face of pressure from the United States and its network of allies and partners

China-Russia Relations and World Order

Near-term convergence, possible long-term divergence

Different status and roles

RUSSIA

- former superpower
- resurgent great power facing uncertain prospects
- aims to disrupt international system

CHINA

- emerging superpower
- supports aspects of existing world order, but ...
- ... seeks to reshape world order to better suit its interests

Near-term convergence

Shared objectives

- oppose US unipolarity
- support multipolarity
- oppose universal claims for democracy, human rights
- establish own spheres of influence

- strategic partnership
- "no limits" friendship

Possible long-term divergence

Russia's objectives

- independent great power in a multipolar world
- sphere of influence in Eurasia, Arctic
- diverse diplomatic relations in Asia
- energy superpower

China's possible objectives

- world's dominant power in a Sinocentric world
- rising influence in Eurasia, Arctic
- leader of a hierarchical order in Asia
- preferential access to Russian energy, natural resources

Sources: Bobo Lo, *A Wary Embrace: What the China-Russia Relationship Means for the World* (Sydney: Lowy Institute for International Policy / Penguin Random House Australia, 2017); other writings by Lo; author's own assessments.

around the world. A bipolar world in which Russia plays only a minor role could eventually take shape, but China wants more time to build up its comprehensive national power before this situation arises.[39] In the long run, China may aim for the creation of a Sinocentric world. Such an outcome would not be advantageous for Russia, which could then face an

overwhelming threat from its giant neighbor to the east. In such a situation, China would be in a position to make onerous demands on Russia or to encroach upon its interests.

For example, the growing power imbalance in China's favor could lead to a divergence on the issue of spheres of influence. The close relationship that China and Russia enjoy at present allows them to pursue spheres of influence in the regions closest to their main population centers. For Russia, this is in the post-Soviet regions. For China, this is in the maritime Asia-Pacific. Eventually, however, expanding Chinese spheres of influence could encroach upon Russia's interests. This could occur in such regions as Central Asia, the Russian Far East, and the Arctic.

In Central Asia, Russia already appears to be losing influence. This trend has accelerated as a result of the war in Ukraine, which has weakened Russia, distracted it from Central Asian security affairs, aroused suspicions about its intentions among countries in the region, and caused Central Asian countries to lose respect for Russia's military prowess. This situation is especially worrying for Russia because its claim to a continuing major role in the region depends upon its ability to serve as the main security provider. As Russia's influence slips, China could fill the vacuum. China's investments in the region through the BRI have already strengthened its regional influence. In September 2022, during a trip to Central Asia, Xi declared that China supported the sovereignty and territorial integrity of Kazakhstan and Kyrgyzstan. To many observers, he appeared to be extending security guarantees to these countries, which seek to hedge against Russia's long-term intentions.[40]

In Northeast Asia, an expanding Chinese sphere of influence could threaten Russia's position in its own eastern regions, as well as in the Arctic. Over time, Siberia and the Russian Far East could become increasingly economically dependent on China, which might covet these regions' oil, gas, timber, and other natural resources, as well as their agricultural land. China's growing interest and presence in the Arctic could also threaten Russia's claims in this region.[41] As Russia becomes increasingly dependent on China in the wake of its disastrous war in Ukraine, China could gain the ability to pursue its interests assertively in these regions.

China's apparent desire to build a sphere of influence in Asia could also conflict with Russia's desire to maintain a diverse foreign policy in the region. China's growing power in Asia

could further reduce Russia's regional influence, which is already greatly diminished since Soviet times. China could be in a position to demand that Russia curtail its relations with countries such as India and Vietnam. Russia has longstanding ties to both, but China's own relations with these countries have grown increasingly tense. China might demand that Russia stop selling weapons to them or, in the event of a military conflict pitting China against one of them, refrain from providing any form of support to China's adversary. Russia and China also disagree on whether India should gain a permanent seat on the UN Security Council, with Russia in support but China firmly opposed.

Despite these potential sources of long-term divergence, China and Russia maintain a strong commitment to their partnership that is likely to last for the foreseeable future. Amid its isolation from the West, Russia is increasingly dependent on China's support. For its part, China continues to value its close relationship with Russia, which it views as a valuable partner in challenging the United States. Therefore, China has a strong interest in offering reassurance to Russia and in refraining from making high-handed demands that could jeopardize its support. If China were to abandon this policy of restraint and reassurance, then Russia might eventually adjust its foreign policy in recognition of a threat from its increasingly powerful neighbor. For the foreseeable future, however, Western leaders should assume that the China-Russia partnership will remain close, with all of the attendant implications for world order.

The Future of World Order

As a new world order takes shape following the "unipolar moment" of the early post-Cold War era, three broad possibilities present themselves. The new world order could be fragmented, diverse, or antagonistic.[42] In a fragmented world, no state would have the capability or the will to manage the international agenda. Such a situation could be better described as world disorder than world order. Some elements of fragmentation are visible in the contemporary world, but they would become much more prominent if the United States were to withdraw from the leadership that it has exercised since World War II. US leadership in the world, including the provision of global public goods, has played a crucial role in upholding order.[43] In the future, if the United States were no longer willing or able to exercise such leadership, then the resulting vacuum would invite other states, most likely China, to advance their own visions of world order.

A diverse world order would be similar to the multipolar world that China and Russia profess to support. Such an order would be based on Westphalian principles. The leading states would respect the diversity of civilizations and political systems and agree not to interfere in each other's internal affairs or to criticize other states' domestic political arrangements. If the United States were to agree to the formation of such a system, then it would accept the premise that China's rise threatens neither US interests nor the world order, as long as China abides by the rules of the order and pursues its desired reforms peacefully. Likewise, the West would have to make far-reaching efforts to accommodate Russia's desire for great-power status. China and Russia, for their part, would also endeavor to maintain an equal partnership despite the growing power imbalance in China's favor.

In practice, a diverse world order of the kind that China and Russia propose would be extremely difficult to implement. In such an order, the liberal democracies would most likely have to accept expansive Chinese and Russian spheres of influence.[44] Such an outcome would not only be antithetical to the notion of a liberal order, but would also pose security threats in both Asia and Europe. Liberal democracies cannot accommodate Russia's great-power aspirations if this means the persistence of Russian imperialistic aims. Such concerns are even more acute in relation to China. Although Russia lacks the power to gain hegemony over Europe, China could eventually attain sufficient power to make a bid for regional hegemony in Asia. Such an effort would threaten the traditional US aim of preventing any other power from gaining hegemony over one of the world's major regions. Moreover, in a deeply interconnected world, different conceptions of order will interact continuously.[45] This is likely to promote tension between the competing views of order, rather than respectful coexistence in separate geographical spheres, as well as intense competition to set the dominant rules, norms, and standards of the world order.

As the US-China rivalry intensifies, security competition between the two countries could overwhelm all efforts to build a harmonious world order. Because states in the international system can never fully trust each other's intentions, they must pay careful attention to other states' military capabilities. As China's military capabilities expand, the United States will face strong incentives to strengthen its own military forces and to expand security cooperation with allies and partners. Such efforts are already underway. They include growing cooperation among the

members of the Quad (United States, Japan, India, Australia), the AUKUS security partnership, and increased US efforts to enlist NATO in the competition with China. The United States is modernizing its nuclear arsenal and making advances in missile defense and high-precision conventional weapons. China, for its part, has embarked upon a buildup of its own nuclear arsenal with the aim of maintaining the credibility of its nuclear deterrent. China could further increase military cooperation with Russia, including in the area of nuclear deterrence. As security competition intensifies, mutual distrust could grow, undermining any potential efforts to establish a diverse world order.

As the international political landscape comes to be defined by the US-China rivalry, the scope for democracy promotion and humanitarian intervention will shrink. This could reduce the salience of liberal hegemony as an irritant in relations between the United States and its allies and partners, on the one hand, and China and Russia, on the other. However, this tendency has its limits. The United States and other liberal democracies cannot, and should not, compromise on the principles of human rights as articulated in the Universal Declaration of Human Rights and the established body of human rights law. They must resist efforts by China and Russia to weaken human rights protections. They may have limited scope to hold China and Russia to these standards, but they must neither refrain from telling the truth about the human rights abuses in Xinjiang and elsewhere, nor condone efforts by China and Russia to dilute human rights standards in the interests of international harmony.[46]

Ultimately, an antagonistic world order might be the most likely outcome. In this case, an East-West confrontation would arise, pitting the United States and its allies and partners against China, with Russia as Beijing's most important partner. This situation would be similar in some ways to the US-Soviet Cold War, but also different in important respects. As during the original Cold War, each of the superpowers would lead a bounded order that is designed to facilitate security competition with the other.[47] Once again, the United States would lead a bounded order consisting of its allies and partners. This order would feature many liberal elements, including multilateral institutions, economic interdependence, and a membership consisting primarily, though not entirely, of liberal democracies. China would lead its own bounded order consisting of friendly countries including Russia and perhaps a wide array of countries from the Global South.

As during the Cold War, a “thin” international order would also exist to facilitate cooperation on problems that are common to humanity. During the period of US-Soviet confrontation, the two superpowers cooperated on arms control, global public health, and other issues. The US-China rivalry is far more complex than the US-Soviet rivalry was and would therefore require more sophisticated forms of cooperation in this thin international order. Unlike during the Cold War, when the competing blocs had only minimal economic exchange, China’s economy is tightly linked with those of the United States and its allies in both Asia and Europe. Although some efforts at economic decoupling are already apparent, especially in the technology sector, the level of economic interdependence is likely to remain high. Therefore, the regulation of economic relations would be an important task for this thin international order.[48] Overall, such an arrangement would need to address issues such as arms control, nuclear nonproliferation, terrorism, climate change, global public health, and financial stability. Intensifying great-power rivalry, however, is likely to make even such mutually beneficial cooperation, including in the UN system, exceedingly difficult to achieve.

The goal of a worldwide liberal international order is out of reach for the foreseeable future, but the United States and other liberal democracies still have good reason to maintain their commitment to a liberal international order centered mostly on cooperation among themselves. Historically, leadership of a liberal order gave first Britain and later the United States a distinct advantage in the face of repeated challenges, enabling one or both of these countries to be on the winning side of every major war with international systemic consequences dating back more than 300 years.[49] The period since World War II, during which the United States has led a liberal order, has been characterized by sustained economic growth, the worldwide expansion of democracy, and the absence of great-power war. The United States and other liberal democracies have benefited enormously from this state of affairs.[50]

As during the Cold War, when the imperatives of security competition with the Soviet Union led the United States to cooperate with various dictatorships, security competition with China is likely to require cooperation with a variety of non-democracies, including Vietnam and other Asian countries. It will also require cooperation with India, a democracy that nevertheless remains reluctant to embrace Western conceptions of a liberal international order and has suffered

some democratic backsliding domestically, as Boas Lieberherr discusses in his chapter in this volume. India and a variety of other countries, both democratic and non-democratic, are likely to calibrate their cooperation with the United States and its allies in proportion to the security threat that they perceive from China, while remaining unenthusiastic about efforts to promote a liberal international order, as seen in their unwillingness to condemn Russia for its war in Ukraine or to join sanctions against it. For these reasons, among others, the Biden administration's conception of a struggle between democracies and autocracies is an inadequate framework for understanding the US-China rivalry.

Nevertheless, a liberal international order will be an invaluable asset in the coming security competition with China. The United States and other supporters of a liberal international order will have to maintain focus and discipline. They must curtail their ambitions in some respects, most likely foregoing humanitarian intervention and nation-building efforts for the foreseeable future.[51] In promoting liberal democracy, they should adhere to traditional ideas of liberty based on natural rights, rather than promoting particular views on contemporary social issues that remain fiercely contested within liberal democracies themselves.[52]

With such considerations in mind, the liberal democracies can strengthen their position considerably through cooperation among themselves. Together, liberal democracies are responsible for a clear majority of global GDP and military spending.[53] The support that the United States and its allies have mustered for Ukraine in its efforts to resist Russian aggression is a demonstration of the power of concerted action among the liberal democracies.[54] Liberal ideas offer the best hope for economic dynamism, which is essential both for improving people's lives within liberal democratic societies and for building the material power that is needed for security competition. New bargains will need to be struck on issues such as free trade and immigration in order to rebuild political support for such an order.

If this can be achieved, then a bounded liberal order will play one additional and crucial role in the competition with China. It will set an example that will appeal to people around the world. In order to prevail in the contest for the future of the world order, China and Russia would have to offer a model that is more appealing than what the liberal democracies can offer. Based on present indications, they appear to fall well short.[55] China is attempting to offer its own system, featuring authoritarian political rule and state capitalism, as a

model for the world. Whether or not this will prove to be an appealing model in the long run remains to be seen. The historical record, however, suggests that liberal democracies have distinct advantages over autocracies, both in pursuing great-power competition and in improving the lives of their own citizens. If the liberal democracies can adequately address the problems that have arisen in the past few years, both within their societies and within the broader liberal order, then they still have a good chance to showcase a model that is superior to anything than China and Russia can offer.

Charlotte Hirsbrunner, a summer 2022 intern in the Global Security Team of the Think Tank at CSS, provided research assistance for this chapter.

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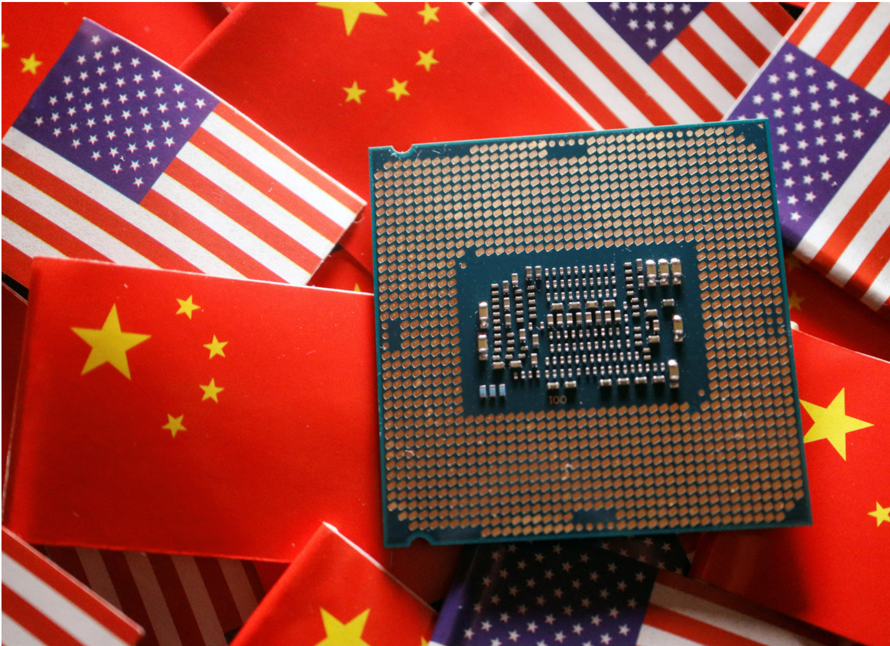
CHAPTER 2

Silicon Curtain: America's Quest for Allied Export Controls against China

Sophie-Charlotte Fischer

Export controls are playing an increasingly important role in the US government's efforts to deny China access to critical technologies, and their far-reaching effects have already begun to reshape the global technology landscape. However, the Biden administration's recently imposed export controls on China's semiconductor sector have highlighted the challenges the US faces in securing the buy-in from allies that it needs to ensure their long-term effectiveness. The episode has also underscored some critical issues that allies have to confront in dealing with Washington as it pursues its sharpened technological goals vis-à-vis Beijing.



Central processing unit (CPU) semiconductor chip, 17 February 2023. *Florence Lo / Reuters*

Technology has become a central arena in the intensifying great-power competition between the United States and China. As the power asymmetry between the two countries narrowed and mutual trust waned, Washington increasingly perceived Beijing's technological ambitions as a threat. The US government is concerned that China's continued domestic advances in areas such as Artificial Intelligence (AI), combined with technology and know-how acquired from abroad, could erode its long-standing technological advantage and thereby undermine both US military and economic competitiveness. In addition, China's use and export of technology for purposes such as surveillance have raised concerns about systemic threats to democratic values and human rights.

The return of great-power competition and its crystallization in the field of technology have led to a renewed focus in Washington on how to maintain US technological superiority. Beyond the question of how the US can strengthen its own capabilities to remain competitive, the element of denial has received increasing attention in both the administrations of former President Donald Trump and his successor Joe Biden. However, under Biden, the US has shifted its aim from simply keeping China a few generations behind to freezing its progress by denying Beijing access to certain critical technologies and the related know-how. Washington is turning to an old instrument in its toolbox – export controls coordinated with allies – to realize this objective.

The strategy of denying a great-power competitor access to critical technologies with allied support played an important role in America's efforts to contain the Soviet Union during the Cold War. However, in contrast to that era, the international technology landscape is significantly more complex today. Technology supply chains are highly globalized, commercial companies spearhead the development of cutting-edge dual-use technologies, and the US can no longer rely on overwhelming technological dominance. In this environment, the success of US export controls requires, more than ever, close cooperation with technologically capable allies and partners. However, the US government's ability to secure the full support of allies in Europe and the Asia-Pacific is uncertain. US allies have their own interests towards China, which are not fully congruent with those of Washington. If Biden fails to bring key high-tech-producing allies on board, then export controls are unlikely to be effective in the long run, will impose significant costs on American companies, and may

undermine rather than enhance US competitiveness.

This complex balancing act is illustrated by the Biden administration's recent attempts to persuade allies to match their domestic regulations with comprehensive US export controls on advanced computing and semiconductor manufacturing equipment. Washington identified semiconductors as a target because of the enabling nature of the technology and because China has so far failed to catch up with market leaders in some critical segments of the industry. However, in addition to the US, some of its allies in Europe and the Asia-Pacific also play a crucial role in important segments of semiconductor supply chains. Japan and the Netherlands, for example, are key suppliers of equipment required to manufacture advanced semiconductors. Yet, The Hague and Tokyo have been reluctant simply to succumb to US pressure to introduce national export controls that mirror Washington's, and uncertainties remain as to their support for the far-reaching measures.

This chapter explores the challenges that the US faces in managing the escalating great-power competition in technology with China and the strategic importance of allied export controls in this endeavor. It is divided into four sections. The first section provides a brief overview of the history of multilateral export controls, highlighting their rationale and evolution over time. The second section explains the importance of technology in the US-China relationship and why it has become a central area of competition. The third section then highlights the critical role of export controls in maintaining US technological superiority and the need for allied cooperation to enforce them effectively in the long run. The fourth section illustrates the challenges the US faces in extending the reach of its export controls, using the recently implemented export controls on semiconductor manufacturing equipment against China and attempts to coordinate them with the Netherlands and Japan as a case study. The fifth and final section offers conclusions and an outlook for the further development of this strategic trend.

Multilateral Export Controls: A Brief History

The origins of multilateral export controls go back to the early stages of the Cold War. During the Cold War, the United States developed a strategy of military-technological superiority to counter its main competitor, the Soviet Union (USSR). The US had established a government-led innovation system during the Second World War that laid the foundation for its

enduring technological strength and breakthrough inventions such as the atomic bomb. In the ensuing competition with the Soviet Union, US national security was closely tied to its ability to lead in technology, given the USSR's vast superiority in manpower and its at least temporary successes in challenging Washington in areas such as missile technology and space. Thus, throughout the Cold War, deterrence became a function of the US ability to continually create and maintain a technological gap between itself and the Soviet Union.[1]

The approach of the US government to implement its strategy of military-technological superiority was essentially twofold. First, the government significantly invested in research and development (R&D) to achieve and maintain a leading position in cutting-edge technology. Second, it sought to deny its competitors access to US technology. In this context, export controls emerged as a key instrument in the US government's toolbox, complementary to others such as secrecy orders on inventions and visa denials that aim to restrict cross-border flows of technology and related know-how in pursuit of national security and foreign policy objectives.[2] Before the Cold War era, Washington did not apply export controls strategically during peacetime. This changed, however, with the passage of the Export Control Act of 1949, which gave the US president substantial power to control the flow of goods and information across borders for foreign policy objectives.[3]

To amplify its national efforts, the US government convinced its NATO allies to establish a multilateral export control regime in 1949–1950. The aim of the Coordinating Committee for Multilateral Export Controls (CoCom) was to cut off the Eastern bloc from advanced technology and to coordinate export controls among allies, thereby ensuring that US allies gave national security concerns the same weight as Washington in their trade with the Soviets. Interestingly, in the wake of the Korean War, the US government also promoted the creation of a separate sub-committee to target China. The so-called CHINCOM was set up in 1952 and administered even more extensive export controls than CoCom on the Eastern Bloc. However, CHINCOM was disbanded in 1957 and integrated into CoCom because its members – notably Britain, France, and the United States – had different preferences about how strict export controls against China should be. The US unilaterally maintained particularly tough restrictions, and only began to relax them slightly during the Sino-American rapprochement of the 1970s.[4]

CoCom significantly shaped the global technology landscape during the Cold War. The conditions for enforcing export controls successfully were relatively favorable at the time. The world economy was characterized by a low degree of globalization of production, and the US had a strong position at the forefront of technological development. One estimate held that in the 1970s, US companies and government agencies were the source of about 70 per cent of the world's cutting-edge technology.[5] In addition, a much higher proportion of R&D was driven by the US government and especially defense spending than is the case today. The US also had considerable leverage over its allies because of their dependence on economic, financial, and military aid after the Second World War. Finally, there was a clear ideological alignment between the US and its allies and partners.

Despite the favorable environment, however, CoCom also faced several challenges during its years of operation. While the United States routinely emphasized national security concerns and pushed for tighter controls, European states such as West Germany and the United Kingdom argued for increased trade with the Eastern bloc and stressed the political leverage that it could provide. The different weighing of these priorities contributed to the evolution of different national export control systems across CoCom member states. In addition, companies that developed export-controlled goods resented these regulatory barriers to their pursuit of new market opportunities and pushed back, especially by the 1970s.[6] Finally, even during the Cold War, the export control system of the US and its allies was not ironclad, and some technology did slip through. In the 1970s and 1980s, for example, the Soviets were able to acquire sensitive Western technology in areas such as computers, semiconductors, lasers, and optics.[7]

During the last two decades of the Cold War, multilateral export control regimes other than CoCom were established with a focus on specific technologies. After India conducted its first nuclear test, based in part on technology provided by Canada for peaceful purposes, seven countries, including the Soviet Union, formed the Nuclear Suppliers Group (NSG) in 1974. The NSG focuses on the non-proliferation of materials, equipment, and technology that can be used to develop nuclear weapons. Another example is the Australia Group, established in 1985 following Iraq's use of chemical weapons during the Iran-Iraq War. Material exports and technical assistance from several Western

and particularly German companies had aided the development of the Iraqi chemical weapons program. The objective of the Australia Group is to contribute to the non-proliferation of chemical and biological weapons by harmonizing national controls of related exports and acting as an information sharing mechanism. Lastly, the G7 states established the Missile Technology Control Regime (MTCR) in 1987 to curb the spread of missile technology that could be used as delivery systems for weapons of mass destruction (WMD). These regimes continue to exist and remain highly relevant to ongoing global non-proliferation efforts today.

CoCom, however, was dissolved after the end of the Cold War in 1994. A successor regime, the Wassenaar Arrangement (WA), which also grew out of consultations among the G7, was established in 1996 to control the flow of conventional arms and sensitive dual-use technologies and thereby to prevent the build-up of destabilizing capabilities by "states of concern." The WA serves primarily as a mechanism for its member states to share information, coordinate a joint list of export-controlled items, and promote responsible behavior among its members. Former Warsaw Pact states, including Russia, have also been admitted as members of the WA.[8]

The end of the Cold War also marked a shift in the strategic significance of export controls. From the US perspective, export controls were no longer used as a tool to manage great-power competition, but rather to prevent the spread of weapons of mass destruction (WMDs) and their delivery systems to "rogue states" and non-state actors, a goal that became more urgent following the terrorist attacks on September 11, 2001. Moving away from the era of great-power competition, the administrations of President George H.W. Bush and especially his successor Bill Clinton sought to integrate both Russia and China into a US-led international order. The decision to include Russia in the WA and the further relaxation of US Cold War export controls toward China reflected this objective.

China's Tech Challenge to the US

The US-led push for trade liberalization, accompanied by a drive for specialization and efficiency gains, led to the evolution of a highly interconnected global economy, including in the tech sector. The emergence of complex technology supply chains that span multiple countries and the domination of a few specialized firms in specific market segments that are concentrated in certain geographical areas are exemplary of this trend. Despite sporadic national security concerns[9], the

US also fostered close ties with China on technology, including in R&D, manufacturing, and trade. Especially after Beijing's accession to the WTO in 2000, these ties grew increasingly close and were part of the broader US strategy of engagement vis-à-vis China.[10]

However, by the end of the 2000s, the tide turned. Starting with the Bush administration and continuing during the Obama administration, the US increasingly perceived China as a competitor, casting doubts on the mutual benefits of interdependence. China had been rapidly modernizing its military, eroding US power projection capabilities in the Asia-Pacific region, and expanding its global reach. Beijing had also begun to backtrack on economic reforms and trade liberalization. Especially since Xi Jinping came into power in 2012, the increasingly assertive regime in Beijing also routinely used its growing economic clout to exert pressure on other countries, all while seeking to reduce its own dependencies. In its 2022 National Security Strategy, the Biden administration concluded that China is America's "only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power" to do it.[11]

As the perceived power asymmetry between the US and China has diminished and mutual trust has deteriorated, Beijing's technological advances have become a central source of US concern. Washington fears that China's domestic advances in promising areas such as Artificial Intelligence (AI) and quantum technology, combined with legally and illegally acquired technology and know-how from abroad, could erode its long-standing technological advantage and thereby undermine both US military and economic strength. In this regard, US policymakers are particularly concerned about China's military-civil fusion strategy, which blurs the lines between commercial and military technology and exploits the dual-use character of many emerging technologies.[12] In addition, Washington has expressed worries that Beijing is seeking to shape emerging technologies and the standards, norms, and regulations that govern them to reflect its own interests and values, while countering those of the US and its allies.

The Renaissance of Export Controls

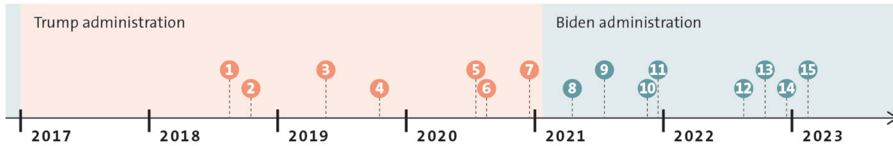
The return of great-power competition and its manifestation in the field of technology have led to a renewed focus in Washington on maintaining US technological superiority. Beyond the question of how the United States can strengthen its own technological

capabilities to remain competitive, the element of denial has received increasing attention. In this context, export controls have once again emerged as a key tool, alongside others, such as foreign direct investment screening and visa denials.[13] However, given today's interconnected global economy, in which commercial companies spearhead the development of cutting-edge technology, and the fact that the US no longer has a virtual monopoly on advanced technology, it cannot simply cut Beijing off.[14] More than ever, to be effective, the US must work with allies and partners to control bottlenecks in relevant technology supply chains and shape those networks to its advantage.

While the Bush and Obama administrations were already concerned about China's growing ambitions and took certain targeted actions to counter them, the Trump administration was the first to take on China's technology sector broadly. It took a multi-pronged approach to restricting technology transfers to China, with export controls playing a prominent role. For example, the Trump administration began to make extensive use of the Commerce Department's Bureau of Industry and Security's Entity List (EL), which specifies licensing requirements for the transfer of some or all items covered by the US Export Administration Regulations (EAR) to listed companies, persons, or further entities. During its tenure, the Trump administration blacklisted a range of Chinese entities linked to China's technology sector. A prominent addition to the list was the telecoms giant Huawei with the goal of denying it access to US semiconductor technology.[15] During Trump's time in the White House, Congress also passed the 2018 Export Control Reform Act (ECRA) with an eye to China, which required the Commerce Department to adapt US export controls to the new challenges posed by "emerging and foundational technologies." ECRA also highlighted that "export controls that are multilateral, are most effective."[16]

However, Trump's "go-it-alone" approach was widely characterized by a disregard for traditional American allies and partners.[17] The Trump administration doubled down on unilateral export controls and exploiting their extraterritorial effects, as in the case of Huawei. There, the Trump administration used the Foreign Direct Product Rule (FDPR), which extended restrictions on the export of semiconductors to Huawei to any supplier outside of the United States that uses US-controlled equipment or software. The Trump administration also exerted political pressure on its ally the Netherlands to halt exports

Selected US Export Control Measures, 2017–2023



1. **August 2018** President Trump Signs the Export Control Reform Act of 2018 into law.
2. **October 2018** The BIS adds Fujian Jinhua Integrated Circuit Company to the entity list due to "a significant risk" that it may engage in activities that could adversely affect US national security interests.
3. **May 2019** The BIS issues a final rule adding the Chinese telecoms giant Huawei and 68 non-US affiliates of the company to the entity list.
4. **October 2019** The BIS adds 28 Chinese entities, including Hikvision, IFLYTEK, and Sense Time, to the entity list for acting contrary to the foreign policy interests of the US.
5. **July 2020** The BIS adds 11 Chinese companies to the entity list for their involvement in human rights abuses in Xinjiang.
6. **August 2020:** The BIS adds 38 additional Huawei affiliates to the Entity List and modifies the application of the Foreign Direct Product Rule with respect to Huawei.
7. **December 2020** The BIS adds 77 entities – most of them Chinese – to the entity list. These include, for example, the Semiconductor Manufacturing International Corporation.
8. **April 2021** The BIS adds seven Chinese supercomputing entities to the entity list, due to their involvement with military actors, destabilizing military modernization efforts, and/or WMD programs.
9. **July 2021** The BIS adds 23 Chinese companies and entities due to their role in alleged human rights abuses in Xinjiang, for their ties to China's military modernization efforts, or for doing business with already sanctioned firms.
10. **November 2021** The BIS adds eight Chinese technology entities to the entity list for "quantum computing efforts that support military applications."
11. **December 2021** The BIS adds 34 Chinese entities and research institutes to the entity list for supporting China's military modernization efforts or being "a part of a network used to supply or attempt to supply Iran with US-origin items."
12. **August 2022** The BIS adds seven Chinese space, aerospace, and related technology entities to the entity list for their involvement in PRC military modernization efforts.
13. **October 2022** The BIS implements new sweeping restrictions on the export of advanced computing and semiconductor manufacturing items to China.
14. **December 2022** The BIS announces that it is adding 36 primarily Chinese entities, including memory chip maker YMTC and the AI company Cambricon Technologies Corp, to the entity list.
15. **February 2023** This BIS adds six Chinese entities related to the PRC's suspected balloon surveillance program to the entity list for supporting China's military modernization efforts.

Sources: US Department of Commerce, Bureau of Industry and Security (BIS)

of cutting-edge chip manufacturing equipment developed by the Dutch company ASML – so-called “Extreme Ultraviolet Lithography” (EUV) machines – to Chinese Semiconductor Manufacturing International Corporation (SMIC).[18] While this unilateralist approach was effective in achieving certain goals, it also contributed to severely strained relations with key US allies.

The Biden administration’s approach to China’s technology ambitions differs from Trump’s in two ways. First, Biden has not only revised, but also notably expanded, the goals of US technology policy towards China. As US National Security Advisor Jake Sullivan explained in the fall of 2022, in contrast to previous administrations that tried to protect US “relative advantages” and “to stay only a couple of generations ahead” through a “sliding scale approach,” the Biden administration seeks to “maintain as large of a lead as possible” in key technologies.[19] What this means in essence is that in certain technology areas deemed critical, the US seeks to freeze China’s further development and thereby to contain its technological rise. This shift is reflected in sweeping export controls on advanced computing and semiconductor manufacturing equipment to China that the Biden administration imposed in the fall of 2022.

The second difference from the Trump administration’s approach is that Biden seeks to combine the US government’s tougher stance on China’s technology ambitions with elements of multilateralism, focusing on expanding collaboration with technologically advanced democracies. The Biden administration recognizes that it cannot effectively deny China access to advanced technology in the long term without the support of its allies and partners. As US Commerce Secretary Gina Raimondo remarked in a recent speech: “…from export controls to new investment parameters to supply chains—require not only a partnership between the US government and private sector but also between the US and our allies and partners. In our competition with China to shape the 21st-century global economy, we cannot go at it alone.”[20] The Biden administration, however, faces a range of challenges in coordinating export controls with its allies because it has no central platform for doing so.

Existing multilateral regimes do not provide an appropriate platform for the US government to coordinate export controls against China. The Nuclear Suppliers Group, the Australia Group, and the Missile Technology Control Regime have a limited focus on specific technologies and do not

cover those that the US considers most critical in its competition with China. The Wassenaar Arrangement, which also covers dual-use technologies, is not an effective forum to pursue US objectives towards China either. Decisions by its member states are made by consensus, and coordination is complicated by Russia's membership and its close relationship with Beijing. Additionally, membership in the WA is by voluntary association, and there is no enforcement mechanism to ensure compliance. Furthermore, important players with technological capabilities, such as Taiwan and Singapore, are not part of the WA.[21]

Given these limitations, export controls experts Emily Weinstein and Kevin Wolf have proposed the idea of creating a "CoCom 2.0" – a new multilateral export control regime with a core group composed of "techno-democracies" aimed, for example, at addressing "China's strategic economic dominance objectives" that could have national security implications and "responding to China's and Russia's civil-military fusion policies."[22] In the 2021 United States Innovation and Competition Act (which was in part absorbed by the CHIPS and Science Act of 2022), the US Senate even suggested that "the United States should explore the value of establishing a body akin to the Coordinating Committee for Multilateral Export Controls (CoCom)" albeit with a focus on coordinating specifically "United States and European Union export control policies with respect to limiting exports of sensitive technologies to the People's Republic of China."[23] Yet, so far, these suggestions do not seem to have borne fruit.

The US has, however, established several new initiatives to align with allies and partners on technology issues, but which have so far proved limited in their potential to coordinate export controls. One such initiative is the EU-US Trade and Technology Council (TTC), proposed by the EU and inaugurated in 2021, which provides a platform for the transatlantic partners to address different topics and concerns in ten working groups, including one on export controls. While the TTC proved very valuable in coordinating US and EU export controls against Russia following the invasion of Ukraine in early 2022, EU member states have been reluctant, so far, to use the TTC as a body explicitly targeting China.[24] In 2021, the US also proposed the Chip 4 Alliance, aimed at allies and partners in the Asia-Pacific region, including Japan, South Korea, and Taiwan, with significant semiconductor capabilities. The goal of this initiative is to restructure global semiconductor supply chains to

reduce reliance on China, protect relevant companies' IP, and coordinate export controls. However, the alliance has been off to a rocky start, with members hesitant to buy in for fear of retribution from Beijing and industry backlash.[25]

Lacking a reliable multilateral mechanism, but wanting to move quickly, the Biden administration unilaterally imposed sweeping export restrictions on advanced computing and semiconductor manufacturing items targeting China in October 2022. Since announcing the controls, the administration has intensified efforts to persuade allies in Europe and East Asia to impose similar restrictions and thereby amplify those of the US.[26] But US attempts to bring even a few countries on board have proved cumbersome, providing a case study in some of the major challenges the US faces in trying to act multilaterally and coordinate export controls with allies in the current global economic, political, and security environment. At the same time, it foreshadows some of the challenges that US allies may face in dealing with Washington and the pursuit of its strategic objectives towards Beijing in the future.

Reluctant Allies

In October 2022, the US government announced sweeping export controls on semiconductor exports to China. Semiconductors are considered an enabling technology because they are part of virtually every electronic device and are essential to critical functions such as data processing, transmission, and storage. There are three broad types of semiconductors: memory; logic; and discrete, analog, and other (DAO). Those semiconductors that are integrated circuits (as most of them are) are also called chips. Over time, chips have become increasingly powerful. According to Moore's Law, named after Intel co-founder Gordon Moore, the number of transistors that can fit on a chip roughly doubles about every two years, leading to new and more potent generations of chips. While this process has slowed in recent years, the most advanced technology available today is the 3 nanometer (nm) process node. Innovation in the semiconductor industry is continuously pushed by the drive for more powerful, specialized, smaller, and efficient chips.[27]

However, while semiconductors were originally invented in the United States, semiconductor supply chains are highly globalized and multi-layered today. The first layer can be roughly divided into three main steps: (1) the design, (2) front-end manufacturing (wafer fabrication), and (3) back-end manufacturing (assembly and testing). There are very

few companies – so-called integrated device manufacturers (IDM) – that complete all three steps in-house. These include, for example, Texas Instruments and Intel in the US and the South Korean company Samsung. The dominant model today is one in which the three steps are distributed over different companies and countries. There is an increasing number of companies, such as Apple, (1) that design chips themselves for their specific purposes. However, all companies designing chips rely on design software, which is predominantly developed by US companies, including Cadence Design Systems, Mentor, and Synopsis. The front-end manufacturing (2) is usually outsourced to so-called foundries. The world's largest foundry by revenue is the Taiwan Semiconductor Manufacturing Corporation (TSMC), which also dominates the production of the currently most advanced chips.[28] The third step is then outsourced again (3), including to China, which holds the largest market share in assembly, testing, and packaging.

It is also worth taking a brief look at what lies below this first layer. The (2) complex front-end manufacturing process requires not only specialized expertise but also very sophisticated machinery, especially to produce the latest generations of semiconductors. Over 50 different types of equipment are used in the highly complex manufacturing process. The necessary cutting-edge equipment is produced by only a few companies globally, including, for example, the US firms Lam Research, KLA, and Applied Materials, Japan's Nikon and Tokyo Electron, as well as the Dutch company ASML.[29] While the scope of this chapter is too limited to delve further into the complexities of semiconductor supply chains, it should at least be noted that there are other important sub-segments of the second layer, such as the chemicals and gases required for the manufacturing process. There are also additional layers, such as the many inputs required by equipment manufacturers to develop the machines they sell. Thus, government intervention in the extremely complex semiconductor supply chains is likely to have ripple effects across countries, if not continents.[30]

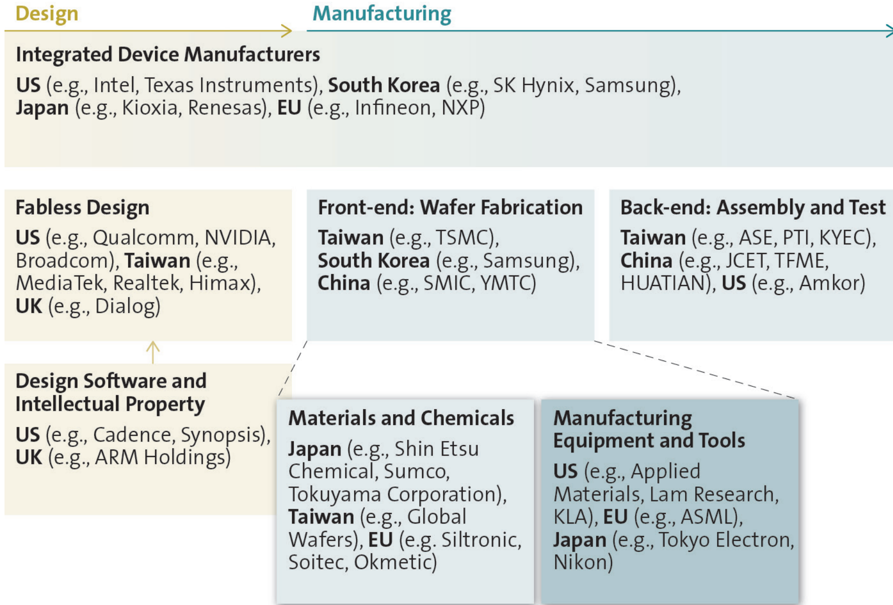
With the far-reaching export controls announced in October 2022, the US government seeks to deny China access to advanced semiconductors, related manufacturing equipment, as well as the know-how and inputs that could help China develop its own equipment.[31] Losing access to these assets, which China is still unable to develop on its own despite decades of effort and significant investment, could have serious implications for Beijing's

ability to advance its ambitions in strategically prioritized technology sectors such as AI.[32] In doing so, the US government hopes to prevent China from developing some sophisticated military equipment as well as technology that could enable human rights violations and thus harm US national security and foreign policy interests.

The Biden administration took great risks by unilaterally imposing export controls on advanced semiconductor manufacturing items targeting China. While the US maintains the strongest position in the semiconductor industry globally, it is unable to control and exploit choke points of the relevant supply chains on its own, at least in the long term. Without the support of other key supplier countries, the controls might not only be less effective by continuing to provide Chinese entities with certain critical equipment and know-how. They also might provide an incentive for companies from allied countries, at a time when US companies are forced to incur the high cost of reducing their exposure to the Chinese market, to try to capture additional market niches that were previously covered exclusively or predominantly by American firms. Moreover, by depriving affected US companies of revenue to reinvest in R&D, the controls could also backfire and hurt America's future competitiveness. The Biden administration asserted that it would work with allies and partners and persuade them to adopt similar controls. However, US Commerce Secretary Gina Raimondo also warned that it could take up to nine months to get allies on board and thus to ease the pain for the affected American semiconductor businesses.[33]

Two allies that have come under particular scrutiny in Washington's efforts to extend the reach of its control are the Netherlands and Japan. This is because of their strong positions in a sub-segment of the semiconductor supply chain – advanced semiconductor manufacturing equipment – access to which is important for China to enable its industry to produce more powerful chips domestically and ultimately to reduce its reliance on imports. However, there are two distinct challenges from the US perspective regarding Dutch and Japanese semiconductor manufacturing equipment suppliers and why it is important to have their government's support for export controls. First, Dutch and Japanese companies have a dominant position in a particular niche of equipment, so-called advanced photolithography equipment. The most advanced types are the above-mentioned extreme ultraviolet (EUV) lithography – already restricted equipment which is exclusively provided by

Key Countries and Companies Along the Semiconductor Value Chain



Sources: Semiconductor Industry Association; Boston Consulting Group; Stiftung Neue Verantwortung; CSIS; Finance Charts; Electronics Weekly

the Dutch company ASML – followed by different kinds of deep ultraviolet (DUV) lithography, and finally i-line lithography. Second, the export controls on US companies could incentivize Dutch and Japanese firms to invest as well in the development of additional equipment types that have so far been dominated by American companies.[34]

The Hague and Tokyo have been reluctant to yield to Washington's request to introduce national restrictions that mirror US export controls. Broadly, their reluctance has been for a variety of reasons, including divergences in their threat assessment of China and, therefore, a different weighing of economic and national security concerns.

A major challenge for the US in bringing its European and East Asian allies on board is a persistent difference in threat perceptions regarding China. While the US sees China as its main

competitor and a threat to its security and economic interests and values, the perceptions of Washington's European and East Asian allies still differ. In recent years, the European Union and many of its member states, including the Netherlands, have become more sober in their assessment of China, seeing it simultaneously as a partner, economic competitor, and systemic rival. But from a European perspective, the security threat from Moscow is far greater than that from Beijing, as the Russian invasion of Ukraine has underlined, and Europe's economic reliance on China remains significant. Due to the geographic proximity, the potential threat from Beijing looms larger for Japan than for the European Union. Tokyo has also begun to adjust its view of China, particularly in light of disputes over the Senkaku islands, Beijing's rapid military build-up, and growing tensions in the region over Taiwan, and has recently significantly increased its defense spending.[35] At the same time, China has become Japan's largest trading partner over time and remains an important market for Japanese companies despite rising political tensions.[36]

Against this backdrop, there still is a nuanced difference in the objectives of the US and its allies when it comes to China. While the US government is once again putting national security front and center in the design of its export controls and is seemingly willing to accept high economic costs for their application, its allies, despite slowly shifting perceptions of China, still appear to weigh these elements slightly differently. Next to the US, China is the largest market for semiconductor consumption globally, with its volume expected to expand further in the future.[37] For Japanese and Dutch equipment suppliers, revenues from the Chinese market play an important role. Tokyo Electron, Japan's leading producer of semiconductor manufacturing equipment, for example, reportedly derives about a quarter of its revenues from its China business. This comes at a time when countries around the globe are seeking to expand their domestic semiconductor industries and face increasing competition. Given these economic interests, it comes as no surprise that the Japanese government, for example, reportedly preferred controls that are tough enough to send a clear message to Beijing while still allowing its businesses to pursue their interests in the Chinese market.[38]

The Dutch and Japanese have also been uneasy over pressure from the US government to mirror its export controls. Although Biden administration officials have emphasized that they are seeking dialogue rather than

pushing governments to align with their position, The Hague and Tokyo have made it clear that Washington cannot dictate the design of their domestic regulatory regimes. As Dutch Minister of Foreign Trade Liesje Schreinemacher said: "(…) the US cannot simply impose such changes on us. We participate in those conversations in a sovereign way. (…) The Netherlands will not copy the American measures one-to-one."[39] This element of the negotiations illustrates the challenge that the Biden administration faces in distancing itself from Trump's approach. It highlights the delicate balance that Biden must strike in persuading allies to support US policy toward China without alienating them by applying too much pressure or simply exploiting its extraterritorial powers. Such overreach could also ultimately motivate allied governments and tech companies to deliberately reduce American inputs, thereby diminishing the ability of the US government to deploy coercive measures against them in the future.

However, Russia's invasion of Ukraine and rising tensions over Taiwan have also once again underscored that the United States' European and East Asian allies are highly dependent on Washington as a security provider. This gives the US considerable leverage to align the policies of its technologically capable allies with its policies toward Beijing. It is unclear, however, whether and how the United States has used this leverage in its consultations with The Hague and Tokyo to date and what role it might play in discussions with allies about further coercive economic measures against China in the future.

In January 2023, it was reported that the US had reached an agreement "in principle" with Tokyo and The Hague on semiconductor export controls. On the one hand, this can be seen as a great success for the Biden administration. It seemingly persuaded allies to implement export controls on technologies of concern to Washington just a few months after the initial announcement of the unilateral US controls. On the other hand, however, the devil is still in the details. The governments involved have been careful not to be too explicit about what exactly they have agreed and have avoided mentioning China as a target of their controls, reflecting US allies' concerns about possible retaliation from Beijing. Moreover, several issues seem to require further clarification and compromise. These likely include specifications for what types of equipment will eventually be restricted and whether the agreements will include US-style controls on Dutch and Japanese nationals working in positions in

China that support the design or manufacture of advanced semiconductors.[40] From what is known at the time of writing, the Dutch export controls may ultimately be less stringent than those of the US, and as a Japanese lawmaker has indicated, the same may be true of Tokyo's controls.[41] Moreover, given the differences between the national export control regimes of the US, Japan, and the Netherlands, it is unclear when The Hague and Tokyo would be able to implement theirs.

Outlook and Conclusion

In the intensifying competition between the United States and China, export controls have once again become a strategic tool for the US government to deny its key competitor access to cutting-edge technology. While the Trump administration had already ushered in the renaissance of export controls, the Biden administration has significantly expanded the breadth and depth of their use against China. It has made clear that the goal of US policy is no longer simply to keep China's industries a few generations behind, but to prevent further progress in core technologies and the development of capabilities that could threaten US national security and foreign policy interests. In this way, US export controls are contributing to reshaping the global technology landscape, and ultimately to consolidating an American, as opposed to a Chinese-led, "technology sphere," with at least partially separate supply chains and significantly reduced exchanges of know-how.

Given current trends in US-China relations, which point to a further escalation rather than an easing of tensions as the recent spat over alleged Chinese spy balloons has underscored, it is likely that the far-reaching US export controls on semiconductors are just the beginning. In the future, as has already been indicated, the Biden administration may decide to impose controls on additional technologies it deems strategically valuable, such as quantum technology, biotechnology, and clean energy technology.[42] Last November, for example, Biden met with representatives from IBM, one of the leaders in quantum computing, and discussed the design of potential export controls in this area and the challenges that they may pose.[43]

However, as the example of US export controls on semiconductors shows, it is essential for the American government to coordinate with allies for them to be effective, and to reduce the economic costs involved. In the absence of an appropriate multilateral forum, export controls are likely to become a more prominent topic of discussion between the United States

and its allies in other fora, as has already been seen in the context of the TTC or the Chip 4 Alliance, as well as in bilateral consultations. Thus, for the foreseeable future, the United States is in a delicate position in which it must skillfully use both sticks and carrots to bring allies in line with its objectives without alienating them. This will require a deep understanding of each ally's strategic interests and technological capabilities, a judicious use of the leverage that it has over allies, a willingness to tailor its approach to the unique circumstances of each relationship, and possibly a great deal of patience and diplomatic resources.

Taken together, the likely US appetite for further export controls, the need for joint controls, and Washington's increased leverage over allies due to its renewed significance as security provider, will increase the pressure on technologically capable allies and partners in Europe and East Asia to pick sides. While the constellation of relevant states may vary depending on the technology area in focus, it means that national governments will need to be prepared to engage in more such discussions with the US administration in the future. For the European Union, which has been on the sidelines of the Dutch-US discussions, this requires a clearer assessment of its position on strategic export controls vis-à-vis the US and China, including a forward-looking analysis of technology areas that may be affected next and their implications for the EU. At present, senior EU officials – European Commission president Ursula von der Leyen and European Council president Charles Michel – appear to favor different approaches to Beijing with the former seeking a harder line than the latter.[44] However, if Brussels does not wake up to the new geopolitical realities, it risks being sidelined, and a potential new patchwork of bilateral agreements between EU countries and Washington could emerge, with likely repercussions for other member states.[45]

Looking further ahead, there are several uncertainties about how the dynamics of allied export controls against China will evolve. One uncertainty is the evolution of China's position on the war in Ukraine. While Beijing has developed an increasingly close relationship with Moscow in recent years, its position on the war has been ambiguous. At the time of writing, Beijing had not provided Russia with military assistance and had publicly expressed its opposition to the use or threat of use of nuclear weapons. At the same time, it has increased purchases of Russian oil and gas and provided rhetorical support by criticizing and blaming the US

and NATO for the war. While it still seems unlikely given China's broader economic interests, US intelligence continues to warn that China may decide to supply Russia with weapons such as drones after all.[46] Such a move would directly and significantly harm European security interests. Following the Russian invasion in February 2022, the US, in coordination with its allies, quickly implemented extensive export controls against Russia. To be sure, similar controls against China would be much more difficult and costly to implement, given Beijing's deeper technological ties to Washington and its allies and greater economic interdependence across sectors. Nevertheless, military support for Moscow could significantly raise the price that the US and its allies are willing to pay to isolate China.

Another uncertainty that could have a profound impact on the support of US allies for extensive export controls targeting China is the development of rising international tensions over Taiwan. A Chinese invasion of Taiwan, or even a more acute threat to do so, could lead to closer US and allied coordination on export controls, including those targeting China's technology sector, which remains highly dependent on imports despite decades of efforts to reduce its reliance on foreign technology. Similar to a scenario in which China becomes more involved in the war in Ukraine, a contingency over Taiwan could significantly increase the willingness of the US and its allies in Europe and other regions of the world to pay a high price for China's technological isolation.

A third lingering uncertainty that could alter the current dynamic between the US government and its allies is the 2024 elections. It seems likely that whichever administration follows, Washington will continue to tighten the screws on China's technological ambitions. Neither a Democratic nor a Republican president is likely to change the current course, as a tougher stance on China has become one of very few bipartisan issues. What is uncertain, however, is the role that allies will play in Washington's calculus going forward. If a Republican president, possibly even Trump, is (re-)elected in 2024, it is possible that the US administration will again opt for a more coercive approach to bring allies in line with its technology policy toward China.

In conclusion, the increased use of export controls and the importance of international coordination for the United States is a strategic trend that deserves close attention and further analysis. Its ramifications will have a profound impact on the evolution

of the international technology landscape and the balance of power between the United States and China. It is therefore imperative that US allies and partners in Europe and the Asia-Pacific region not only monitor this trend, but proactively shape it to ensure their own future technological competitiveness, and by extension their prosperity and security.

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CHAPTER 3

Alliances and Extended Nuclear Deterrence in Europe and Asia

Névine Schepers

Compounding and simultaneous strategic developments in Europe and Asia are placing increasing pressure on US-led alliance systems in both regions to adapt to a heightened nuclear risk environment. They also highlight the role of extended nuclear deterrence in alliance relationships and the deterrence and assurance challenges for the United States as a security provider confronted with the near-term prospect of facing two major nuclear powers – Russia and China – at the same time in addition to threats posed by North Korea.

US and Italian Air Force F-35 Lightning IIs, F-16 Fighting Falcons and a B-52 Stratofortress, fly over the Adriatic Sea during exercise Astral Knight 19 on June 4, 2019. *Joshua R. M. Dewberry / US Air Force*

2022 marked both the 60th anniversary of the Cuban Missile Crisis, long viewed as the time when the world came closest to nuclear war, and a present turning point in the world's assessment of nuclear risks. Russian President Vladimir Putin's launch of a full-scale invasion of Ukraine on February 24, 2022 – building on the illegal annexation of Crimea and the start of Russian aggression in the Donbas in 2014 – has taken place under the shadow of Russia's vast arsenal of nuclear weapons, used to deter military intervention from other states, particularly NATO allies. Thinly veiled nuclear threats by Putin and his close associates and discussions of nuclear use scenarios have served as a regular reminder of the risks of nuclear escalation and highlighted states' reliance on nuclear deterrence: for defensive purposes in the case of NATO and its allies which possess nuclear weapons – France, the United Kingdom, and the United States – and for both defensive and coercive purposes in the case of Russia. Membership applications to NATO by Finland and Sweden have underlined the appeal of benefitting from a formal nuclear security assurance.

In parallel, China's unprecedented nuclear expansion and modernization continue at a rapid pace and without any arms control or strategic dialogue framework in place with the United States. Beijing's military rise and provocative activities in the Asia-Pacific, notably in the South China Sea and the Taiwan Strait, are of great concern to US allies in the region. In particular, Japan and Australia have significantly reassessed their defense and security environment in recent years in view of Chinese actions and are firmly centering their future within the framework of their respective alliance relationships with the United States, including the nuclear umbrella it provides. For South Korea (officially the Republic of Korea, ROK), a record year of missile testing by North Korea, which fired nearly a hundred missiles in 2022, combined with Pyongyang's growing nuclear stockpile, serve as a stark reminder of the necessity of strengthening deterrence, in particular through Seoul's alliance with the United States, including its nuclear security guarantees.

The 2022 US Nuclear Posture Review states that by the 2030s, the United States will face two major nuclear powers – Russia and China – as strategic competitors and potential adversaries for the first time in its history.[1] This places increasing pressure on alliance systems in Europe and Asia while also highlighting the interconnectedness between both regions through their reliance on the

United States as a security provider. Academic research has looked at the interdependence of commitments to different allies, noting the material and resource constraints that it places on the security provider if faced with simultaneous crises.[2] It has also shown that in the case of a crisis in one region, allies from the other region fear abandonment and de-prioritization by the United States.[3] As the war continues in Europe and competition with China intensifies, allies in Europe and Asia are paying close attention to how the United States deters both Russia and China, addresses the threat posed by an increasingly capable nuclear North Korea, and provides assurances to allies. They also look at one another to see where and how they can compensate for security gaps that will emerge as the United States manages risks of escalation with two major nuclear powers at the same time in addition to the persistent nuclear threat posed by North Korea. For instance, allies are investing in conventional capabilities aimed at strengthening deterrence, with significant decisions being sped up given long timeframes between procurement decisions and actual deployments.

Increased focus on the frameworks of US alliance structures in Europe and Asia, the fast-moving security environments in which they operate, and the rising nuclear threats that they seek to deter requires a careful look at the specificities of each region, particularly how extended nuclear deterrence is practiced and where nuclear risks can be alleviated. Extended nuclear deterrence, often referred to as a "nuclear umbrella," is a commitment by a nuclear weapon state to deter and, if necessary, respond across a spectrum of non-nuclear and nuclear escalation scenarios to defend another state. Such a commitment implies the potential use of nuclear weapons as a means of response. However, no use of force on behalf of an ally or partner is triggered automatically. This makes the commonly used term "nuclear security guarantee" somewhat misleading despite its widespread acceptance in policy and academic circles alike.

Amid a worsening security environment, the United States and nuclear umbrella states in Europe and the Asia-Pacific are promoting the strengthening of deterrence, both in theory – through strategy documents and political statements – and in practice – by increasing defense expenditures and procuring new capabilities. This chapter seeks to examine the implications for extended nuclear deterrence dynamics in Europe and the Asia-Pacific in the context of accelerating security crises in both regions. It first provides an overview

of the concept of extended nuclear deterrence itself and the particularities of US-led alliance systems. A second section looks at extended nuclear deterrence in Europe, how it is practiced in the NATO context, and how Russia's war in Ukraine has precipitated a strengthening around the nuclear umbrella. A third section focuses on the United States' alliance structures in the Asia-Pacific with Japan, the ROK, and Australia and recent developments in the defense postures of these three states. Finally, a fourth section will discuss how developments in each region affect the deterrence calculus in the other.

What Constitutes a Nuclear Umbrella?

The US-centered alliance system remains unique in its geographical scope, resilience, range of frameworks and, in specific cases, the commitment by the US military to defend its allies by the possible use of nuclear weapons should deterrence fail. Official US nuclear declaratory policy states the following: "As long as nuclear weapons exist, the fundamental role of nuclear weapons is to deter a nuclear attack on the United States, our Allies, and partners. The United States would only consider the use of nuclear weapons in extreme circumstances to defend the vital interests of the United States or its Allies and partners.[4]" The formulation of "Allies and partners" allows for ambiguity regarding the scope of the nuclear umbrella and was introduced in the 2010 US Nuclear Posture Review.[5] However, only NATO allies, Japan, the ROK, and Australia are considered to be formally covered by the US nuclear umbrella. This is because of the defense treaties that form the basis of the military relationships and, beyond that, the ways in which the United States operationalizes extended nuclear deterrence in all four cases. The 1949 North Atlantic Treaty, the 1951 ANZUS Treaty with Australia and New Zealand (although the US suspended its treaty obligations to New Zealand in 1985 following the latter's declared anti-nuclear policy), the 1953 Mutual Defense Treaty with the ROK, and the 1960 Treaty of Mutual Cooperation and Security with Japan all provide a legal grounding for US security guarantees.

None of these treaties mention nuclear deterrence specifically, but the mutual-defense relationships have come to include it in their implementation through declaratory policy, force structure, and dialogue mechanisms that address nuclear deterrence specifically. Declaratory policy includes references to the US nuclear umbrella in defense strategies by these allies specifically, US nuclear doctrine, and joint political statements to communicate

Estimated Numbers of US Nuclear Weapons Deployed in Europe and Asia

8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0

1962: Cuban Missile Crisis

1991: Presidential Nuclear Initiatives

1950
1960
1970
1980
1990
2000
2010
2020

1954–2008 United Kingdom
1955 Germany
1957 Italy
1959 Turkey
1960 Netherlands
1960–2001 Greece
1963 Belgium
1954–1972 Japan
1958/60–1974 Taiwan
1958–1991 South Korea
1958–1972/74 Philippines

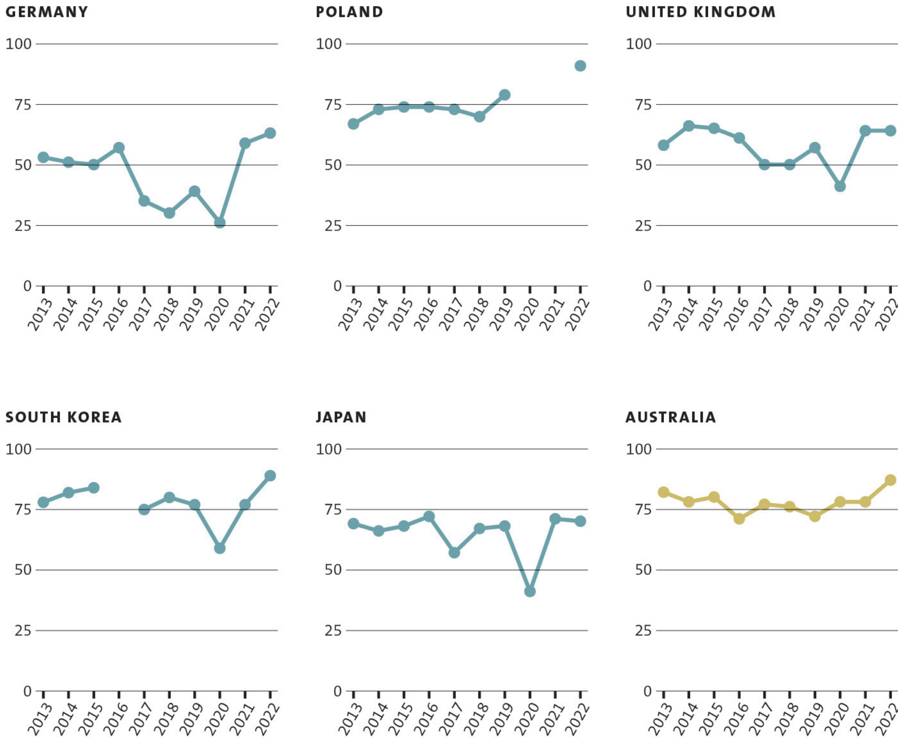
Totals in NATO States
Totals in Asia also include Guam

Sources: Bulletin of the Atomic Scientists; Federation of American Scientists; Office of the US Secretary of Defense; National Resources Defense Council.

intent. Force structure entails US nuclear capabilities themselves and their deployment as well as exercises. Consultations or dialogues on extended deterrence through set formats provide opportunities to determine allies' assurance requirements. While in theory the US may extend its nuclear umbrella even wider than over NATO allies, Japan, the ROK, and Australia – over Taiwan, the Philippines, or Israel for example – it implements extended nuclear deterrence in practice consistently and increasingly so only in the case of NATO, Japan, South Korea, and Australia. While parallels and linkages exist, the four alliance structures differ in their framework, implementation, historical development, public perception, and the specific threat landscape that they address. These differences will be explored in more detail in further sections.

The United States is not the only provider of nuclear security guarantees. In the context of the Collective Security Treaty Organization (CSTO), language regarding mutual defense, similar to NATO's Article V, has implied a Russian nuclear umbrella over Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan. However, there is little evidence of extended nuclear deterrence in practice within the CSTO itself. The three Central Asian states are part of a nuclear-weapon free zone, and Kazakhstan is even a state party to the Treaty on the Prohibition of Nuclear Weapons and a fierce advocate for nuclear disarmament. Russia's bilateral relationship with Belarus is the only possible exception, given that Belarus may become a host for Russian forward deployed nuclear weapons in the future following a constitutional change and dual-aircraft capability certification.[6]

The act of extending nuclear deterrence is in itself an interesting component of international relations. It first entails deterrence, which, in the security domain, means preventing an armed attack or form of aggression. Nuclear deterrence introduces the threat of retaliation by highly devastating nuclear means, even in the case of first use. The scope of damage that nuclear weapons can inflict heightens the consequences of deterrence failure significantly.[7] A functioning nuclear deterrent requires both credible nuclear capabilities and a communicated willingness to use them.[8] Extended nuclear deterrence, by definition, extends the coverage of a state's nuclear deterrent to other states – generally allies that do not possess nuclear weapons themselves – which makes credibility significantly more difficult, as it depends not just on the adversary's perception but also the ally's. According to political



scientist Mira Rapp-Hooper, "nuclear security guarantees are perhaps the most extreme promise one state can make to another" given their unilateral nature and the ambiguous language in which they are framed.[9] A state providing such a guarantee commits to an ally's defense, including through nuclear means if the security provider deems it necessary, acknowledging that this may result in becoming the target of nuclear retaliation. For a state benefiting from extended nuclear deterrence, it represents the ultimate assurance of its security and sovereignty.[10]

Qualifying nuclear security guarantees as “the most extreme promise” is not an exaggeration when considering the level of confidence in the United States that it requires of allies. After all, nuclear authority always remains with the US president. Credibly extending deterrence therefore also requires constant assurance efforts. Experts and officials often describe the challenge of assurance in the case of NATO by quoting Denis Healey, Britain’s defense minister in the late 1960s: “It takes only five per cent credibility of American retaliation to deter the Russians, but ninety-five per cent credibility to reassure the Europeans.”[11] Numerous public debates in the last 60 years have wondered whether the US would sacrifice Washington, DC/Seattle/New York for Tokyo/Seoul/Vilnius. Such fears were heightened in the last several years following President Donald Trump’s regular criticisms of and threats to withdraw from alliances. Assuring allies requires substantial and consistent consultation efforts from the United States. These have been increased under the Biden administration, which has sought to strengthen alliance relationships by placing them at the core of its defense strategy.[12] Much remains to be done, however, to restore credibility, reassure allies, and adapt extended deterrence mechanisms for evolving threat environments while also ensuring nuclear risks are reduced, the threshold for nuclear use is raised, and arms control measures are pursued in coordination with allies.

Extended Deterrence in Europe: NATO

NATO presents the most formalized case of extended nuclear deterrence commitment through the independent strategic nuclear forces of the United States supplemented by nuclear sharing arrangements. France and the United Kingdom, as nuclear weapon states with their separate capabilities and launch authorities, also contribute to NATO’s security. While US strategic nuclear forces form the core of security guarantees to NATO, they are often overshadowed in European policy debates by the additional nuclear sharing agreements that enable a greater form of participation by non-nuclear allies in nuclear planning. These nuclear sharing arrangements, which are unique to NATO, involve the deployment of around 100 US nuclear weapons in six European bases located in Italy, Germany, Belgium, the Netherlands, and Turkey.[13] These non-strategic nuclear weapons remain in the custody of US Air Force personnel, and the US president maintains launch authority over them. However, European host nations provide both the dual-capable aircraft and air force personnel to support nuclear missions.

All NATO allies except for France take part in the Nuclear Planning Group, which serves "to exercise collective political control over NATO's nuclear mission."[14] Allies pushed for nuclear sharing arrangements early on because they questioned the credibility of US guarantees and wanted greater influence over nuclear weapons policy.[15] The United States agreed to such arrangements because it feared allies would choose to develop their own nuclear weapons programs and also due to other factors including financial reasons. The Nuclear Planning Group, along with other nuclear-related NATO bodies,[16] provides a framework for consultations on nuclear strategy, policy, force structure, and safety. US officials use these frameworks to discuss issues beyond those that relate to US forward-deployed nuclear weapons in Europe, viewing them as broader forums to brief NATO allies on technological developments, arms control negotiations, and other sensitive issues related to nuclear forces. The consultation mechanism, while based on the nuclear sharing arrangement, is extensive and, arguably, as important as the forward-deployed weapons themselves. NATO allies' involvement in the nuclear mission also includes conventional support of nuclear operations in so-called SNOWCAT exercises (Support Nuclear Operations With Conventional Air Tactics) and in the annual Steadfast Noon nuclear force exercise.

NATO's nuclear posture has undergone several changes since the end of the Cold War. First is the change in quantities, with the number of forward-deployed nuclear weapons to Europe being reduced from 8,000 non-strategic weapons at the height of the Cold War to 200 in the early 1990s to around 100 nuclear gravity bombs today.[17] Most of these reductions took place under the 1991 Presidential Nuclear Initiatives, when the United States withdrew the bulk of its non-strategic nuclear weapons from Europe. By the late 1990s, the United States also lowered the readiness criteria for NATO-assigned nuclear forces, and the Nuclear Planning Group discarded plans for the use of nuclear weapons against any particular adversary.[18] Some allies, notably Germany and Canada, raised the possibility of reducing reliance on nuclear deterrence through proposals involving the withdrawal of all US nuclear weapons from Europe, thereby relying solely on US strategic assets, or the adoption of a no-first-use nuclear doctrine. While nuclear deterrence became less prominent in NATO debates at the turn of the century, these suggestions did not find broad support within a growing alliance that welcomed

former Warsaw Pact countries more concerned about Russia.

In the two decades following these reductions, nuclear sharing arrangements took on a more political role, becoming a symbolic element of NATO nuclear deterrence and more crucially of the "linkage between European and American security."[19] Regular waves of support for arms control as well as disarmament solutions within NATO countries have translated into public debates, including within some European parliaments, on the role and necessity of nuclear sharing arrangements. Since the entry into force in 2011 of New START, the last arms control treaty between the United States and Russia that limits strategic nuclear weapons, a key objective for the US and NATO allies has been the reduction or elimination of Russian non-strategic nuclear weapons. In that context, US non-strategic nuclear weapons deployed in Europe could be put on the negotiating table, but only within the framework of a mutual and verifiable treaty. Such a prospect seems extremely unlikely since February 2022, even more so following Russia's decision in February 2023 to suspend its participation in New START.

Over the last decade, NATO has steadily updated its nuclear posture in various ways. The Alliance has strengthened its declaratory nuclear policy through consistent references to nuclear deterrence in summit communiqués, statements by the Secretary General and in the latest Strategic Concept, providing common language for allies. The gravity bombs themselves are being replaced by a newer model, the B61-12, which allows for increased accuracy and has lower-yield options. Host countries are all procuring F-35 fighter jets, with the exception of Turkey, which was expelled from the F-35 program following its purchase of the Russian S-400 missile defense system. The procurement decision for Belgium, the Netherlands, Germany, and Italy ensures the continuation of their nuclear sharing mission.

Russia's full-scale invasion of Ukraine in 2022 has provided an acute reminder of the role that extended nuclear deterrence plays for NATO. It also highlighted differences between allies and partners, with Ukraine clearly not benefitting from NATO's Article V guarantee. For Finland and Sweden, whose partnership with NATO was more enhanced than Ukraine's, full NATO membership represents an additional layer of security guarantee now deemed necessary in the face of Russian aggression, including the "supreme guarantee of the security of the Alliance" provided

by nuclear deterrence.[20] NATO cohesion and condemnation in response to Russia's war in Ukraine has remained steadfast. For the most part, allies have also closely coordinated their responses, or pointedly their lack thereof, to Russian nuclear rhetoric. Yet, Russian attempts at nuclear coercion and use of nuclear rhetoric will require a re-examination of various nuclear use scenarios and agreement by all allies on how to manage these different potential levels of escalation.

Extended Deterrence in Asia: A Network of Alliances

The United States' network of alliances in the Asia-Pacific is distinct from NATO and operates largely on a bilateral basis. Further coordination exists through formats such as the Quad, which includes the United States, Japan, Australia, and India, as well as through broader joint military exercises and through trilateral coordination meetings among the United States, the ROK, and Japan. However, these are nowhere near the level of conventional military integration and coordination that exists within NATO. Historical differences and developments, a broader geographical scope, and a larger diversity of interests have hampered the prospect of a defense alliance similar to NATO that would have included the ROK, Japan, and Australia during the Cold War. These divergences continue to exist today, primarily due to different security priorities, placing limits on how far certain cooperation formats can go.

Neither the ROK, Japan, nor Australia have nuclear sharing agreements with the United States. Past deployments of US nuclear weapons in Japan between 1954 and 1972 and in the ROK between 1958 and 1991 never included allied involvement through dual-capable aircraft or the level of consultation that exists in NATO's Nuclear Planning Group. Today, extended nuclear deterrence is solely provided through US strategic nuclear forces. Non-proliferation considerations were prevalent during the Cold War and played an important role in the continued provision of US nuclear security guarantees. All three states considered the development of an indigenous nuclear weapon capability, with Seoul actively pursuing a program in secret in the 1970s.[21]

The threat landscape which extended nuclear deterrence arrangements in the Asia-Pacific address has set the tone for their prominence in alliance relationships. The US-ROK alliance is centered on the nuclear and conventional threat posed by North Korea, one whose geographical proximity to the ROK has meant deterrence

issues have been front and center of the relationship. A growing and diversifying North Korean nuclear and ballistic missile arsenal, reinforced by an increasing number of missile launches in the past few years, and the dim prospects for denuclearization provide a strong imperative for the US-ROK alliance to strengthen deterrence capabilities. At the level of the alliance, this is being implemented through the revival of the Extended Deterrence Strategy and Consultation Group in 2022 to enhance high-level exchanges, US plans to exercise strategic assets in the region such as combined training of fighter jets, or the deployment of a carrier strike group, and improved information sharing and joint exercises.[22] Communication on these developments remains sensitive, however, as a recent public spat between Seoul and Washington about defining joint military exercises involving scenarios of North Korean nuclear use as "joint nuclear exercises" demonstrated.[23] For the United States, "joint nuclear exercises" would imply a level of involvement in nuclear planning that exists in a limited fashion only with NATO, hence the official pushback against using such a term in the Korean context.

The semantics dispute reflects ROK aspirations for greater involvement in extended nuclear deterrence mechanisms modelled on NATO that regularly resurface in public, expert, and even official discussions.[24] Such aspirations are often linked with or tap into pro-nuclear public sentiments,[25] whereby public officials – including even the president[26] – claim that a domestic nuclear option remains a possibility. The requirements for reassuring the ROK are therefore more delicate than for other US allies. The close proximity of the nuclear threat that South Koreans face partly explains why South Korean officials and the public may look for stronger and more visible deterrence symbols. For Washington, this involves a balance between deepening extended deterrence and enabling allies to contribute more conventionally on the one hand, and managing proliferation risks on the other. Furthermore, Washington's clear focus on China as the primary challenge to US national security and target of deterrence efforts places pressure on Seoul, which has long pursued a policy of "strategic ambiguity" vis-à-vis China, its largest trading partner and a key player in any future framework involving North Korea's nuclear capabilities.[27]

The United States increasingly shapes its defense strategy with the objective of countering Chinese aggressive and coercive actions in the region. While the ROK has refrained from aligning

itself with US China policy, Japan is largely in agreement with US assessments of Chinese security threats, although they are framed more carefully in its defense strategy. Japan's reliance on US extended nuclear deterrence has mostly existed in the background during and in the immediate post-Cold War era given Japan's history as the only state to have been the target of nuclear weapons use in war. Public references in US and Japanese political statements and policy documents began to appear more regularly following North Korea's first nuclear test in 2006. Yet, Japanese officials also became particularly fearful of abandonment with little opportunity to discuss specific extended nuclear deterrence concerns, leading to the creation in 2010 of the Extended Deterrence Dialogue. The twice yearly consultation mechanism has largely been a success, enabling regular high-level exchanges on nuclear deterrence issues, visits to US nuclear sites which contribute to extended nuclear deterrence, and participation in table-top exercises and scenario planning.[28]

Alignment on China has also led Australia to seek even closer defense ties with the United States through AUKUS, a new trilateral defense partnership launched with the United States and the United Kingdom in September 2021. Canberra's reliance on US nuclear security guarantees has been stated publicly and consistently in Australian defense documents, including the 2016 Defense White Paper, and occasional statements by public officials. Yet, compared to Japan or the ROK, Australia's reliance on extended nuclear deterrence has been less conspicuous and less present in US statements. Australia does host the joint intelligence facility at Pine Gap, which plays a crucial role in US early warning systems, and is perhaps the most visible component of deterrence cooperation. Recent announcements of the planned deployment of US nuclear-capable bombers to Australia serve further deterrence signaling purposes.[29] Both North Korean and Chinese nuclear developments have increased the value of extended nuclear deterrence for Australia and shifted conversations in Canberra on how to contribute to US deterrence efforts in the region.[30] The procurement of nuclear-powered submarines armed with conventional missiles under AUKUS is one outcome of these considerations, which would provide Australia with a significant conventional deterrence capability in the long term while increasing defense cooperation with the United States and the United Kingdom.

The United States' nuclear security guarantees have not formally applied

to Taiwan since the 1970s. However, Taiwan likely fits within the ambiguous scope of the US formulation "Allies and partners." Concerns regarding the operationalization of the informal US nuclear security guarantee to Taiwan and how this would involve other allies have grown more prevalent with the prospect of scenarios regarding a potential Chinese attack to reclaim Taiwan. These concerns are increasingly addressed in the context of bilateral consultation mechanisms – to a lesser extent with the ROK, where discussions are linked to deterring potential North Korean opportunistic behavior that may occur in parallel to an escalation around Taiwan.

Nuclear Reverberations Across Alliances

Deepening great-power competition in both Europe and Asia has placed considerable strain on the United States, which has to balance the requirements of simultaneously deterring two nuclear competitors – Russia and China – and a persistent nuclear threat, North Korea. This challenge was not unforeseen but has become much more pressing in the last year as a result of Russia's war of aggression, the subsequent breakdown of arms control discussions between the United States and Russia, closer relations between Russia and China, the intensification and acceleration of China's nuclear build-up – as well as North Korea's at a smaller but still increasingly dangerous scale.

Planning for contingencies related to a Chinese invasion of Taiwan and North Korean aggression, both of which involve risks of nuclear escalation, while Russia continues to threaten European security through its war of aggression in Ukraine brings allies face to face with the likely prospect of having US capabilities and attention spread too thinly between two regional theaters and two nuclear adversaries. Russia's failure to swiftly or decisively take control of Ukraine, as well as the failure of nuclear threats to deter NATO allies from supporting Ukraine through constant weapons deliveries or from imposing sweeping sanctions on Russia, provides important lessons for China. At the very least, such considerations may have delayed Beijing's plan to take over Taiwan by force, as it will need to make sure it can do so rapidly. Observed changes to China's nuclear forces – increasing and diversifying the number of nuclear systems, progress toward operationalizing a working triad, likely changes toward a launch on warning posture – all predate Russia's invasion. So far, China maintains its declaratory no first use policy, which it would gain little benefit from discarding

prematurely, if at all. Given that no first use is at the core of China's nuclear doctrine, Beijing may refrain from engaging in the same type of rhetorical nuclear threat-making as Russia. During the G20 in Bali in November 2022, Xi Jinping and Biden highlighted their opposition to "the use or threat of use of nuclear weapons in Ukraine,"[31] in what has been understood as an implicit rebuke of Putin's nuclear threats.

North Korea is similarly observing developments in Europe and retaining some lessons from it, but these are unlikely to change initial North Korean aims in terms of its nuclear and missile developments. A Russian success would prove that nuclear weapons work as a tool of coercion and deterrence, strengthening Pyongyang's hold on its nuclear deterrent and making any already distant prospects for denuclearization a pipedream. A Russian defeat, while serving as a cautionary tale, would not ultimately change North Korean nuclear developments, as the Kim regime sees them as the ultimate guarantee of its survival. A Russian defeat would likely leave US alliances around the world stronger, which does not benefit the North. China's failure to provide direct military assistance to Russia, at least as of this writing, may be the most direct lesson the North can take.[32]

For US allies in Asia, the war has illustrated that nuclear security guarantees are essential for deterrence. Ukraine does not benefit from the US nuclear umbrella over NATO and was invaded by Russia. The war has also reinforced the common front that NATO allies have been able to uphold in their denunciations of Russian aggression and military support for Ukraine, perhaps raising expectations of solidarity among US allies in Asia in the event of an attack, despite the absence of a treaty or mechanism joining them all together. The ROK, Japan, and Australia have all firmly denounced Russian actions and taken part in sanctions against Moscow. In recent strategies or political statements, they have also all emphasized their commitment to the stability of the region and the rules-based international order as well as cooperation with like-minded partners. The war in Ukraine has shown the lengths to which autocratic nuclear states are willing to go in pursuit of their revisionist aims, raising the fear that "Ukraine may be East Asia tomorrow," in the words of Japanese Prime Minister Fumio Kishida.[33]

Kishida, in remarks delivered at the June 2022 NATO Summit, also stated that "the security of Europe and of the Indo-Pacific is inseparable" and called for increased cooperation with

NATO, echoing the NATO Strategic Concept, which outlines the need for strengthened dialogue and cooperation to "tackle cross-regional challenges and shared security interests." The presence of the heads of state of Japan, the ROK, Australia, and New Zealand at the NATO summit – a first – was a symbolically strong and visible signal of cooperation between European and Asian allies. Further steps to operationalize cooperation with NATO have included high-profile visits by NATO Secretary General Jens Stoltenberg to Japan and the ROK in January 2023; the opening of a ROK diplomatic mission to NATO; Japanese, South Korean, and Australian involvement with the NATO Cooperative Cyber Defense Center of Excellence; and cooperation by all states with NATO's Science for Peace and Security Program, including the recent launch of a dialogue platform titled "Futures in the Indo-Pacific."[34] While most cooperation takes place in fields related to emerging technologies, countering disinformation and maritime security, there are opportunities for dialogue on how extended nuclear deterrence is operationalized across alliances. Deterrence and assurance requirements in Asia are different, as was established in previous sections, but greater exchanges regarding consultation formats, processes, and insights into practices of extended deterrence may be useful, particularly for South Korea and Australia.

As US allies in Asia move closer to each other and to NATO, China will also sharpen its rhetoric denouncing nuclear sharing and what it sees as Cold War practices. The development, however unlikely, of NATO-like nuclear sharing arrangements in Asia has been one of China's greatest concerns in terms of US alliances. Beijing has currently latched onto AUKUS in particular as the outlet for its aggressive multilateral nuclear diplomacy – with little success so far – but will likely broaden the scope of its ire in the wake of Japanese defense ambitions and South Korean President Yoon's nuclear remarks, in which he declared that the ROK would consider building its own nuclear arsenal if the threat it faces from the North continues to increase. The risk here is for China to become an active dissenter in multilateral nuclear forums, joining Russia in the ranks of those working against the system. Given the need, particularly for the United States, to increase dialogue with China on nuclear issues, it seems likely that the broader context will complicate these efforts even further.

The convergence of deterrence crises in both Europe and Asia and the quick pace of developments has led

to significant policy decisions in allied countries linked to important conventional capabilities or defense modernization policies, tying their fates closer to the United States and placing their faith in the long term on the nuclear security guarantees that it provides. These fast developments, while obviously not happening in a vacuum, run the risk of missing steps, notably public debates and consultations not being implemented properly or even failing to deliver entirely, adversely affecting the credibility of extended nuclear deterrence. Australia's submarine procurement or NATO membership for Sweden are two such examples in which, given the long-term implications of these choices, public debates may still turn against them or, should officials be unable to deliver, could send conflicting signals to adversaries.

Further repercussions of a re-focus on deterrence policies in allied countries can be expected. Domestically, a return to the forefront of deterrence arguments forces debates in countries that have long been uncomfortable with the realities of extended nuclear deterrence.[35] In Japan, for instance, the public broadly supports signing the Treaty on the Prohibition of Nuclear Weapons, which, among other things, condemns the practice of extended nuclear deterrence.[36] Regionally, actions taken by the US and its allies under the framework of deterrence, while defined in reaction to those of perceived adversaries, are carefully observed by those same states, leading to action-reaction cycles, particularly in the absence of dialogue. Internationally, a resurgence of deterrence-forward strategies and little progress on disarmament measures will have implications for the global nuclear order in the medium to long term with further polarization likely within the Nuclear Non-Proliferation Treaty regime.

Managing Deterrence without Arms Control

Rising nuclear threats in both Europe and Asia have highlighted the crucial role that extended nuclear deterrence plays in alliance relationships as well as the increasing challenge for the United States to deter two major nuclear powers at the same time, in addition to threats posed by North Korea. As the only state to practically extend a nuclear umbrella, the United States faces requirements in terms of capabilities, coordination, and leadership that should not be underestimated. Assuring various allies, balancing their requests for more involvement or further visibility of nuclear or other strategic assets in either region, and offering persuasive arguments in domestic political debates on nuclear security guarantees all create challenges

for extended nuclear deterrence and its operationalization by the United States.

The absence of arms control or disarmament measures to temper unrestrained competition creates further risks of escalation as a return to deterrence dynamics is occurring without any concrete parallel progress on risk reduction in either region. US-Russia arms control is in limbo following Russia's suspension of New START in February 2023, no high-level bilateral dialogue on nuclear issues was ever established between the United States and China, and steps toward a framework eliminating North Korea's nuclear weapons program fizzled out after the failure of the 2019 Trump-Kim Hanoi summit. European allies' closer history with arms control, through NATO consultations as well as the implementation of conventional arms control measures, has no direct equivalent in Asia. Asian states may also take another lesson from the war in Ukraine, which is that nuclear arms control efforts cannot work unilaterally and have little use when one negotiating side actively manipulates nuclear risks or shuns any attempts at increasing transparency or predictability.

NATO and the US network of alliances in the Asia-Pacific are built around much more than nuclear security guarantees, which are only a subset of broader mutual defense commitments. Their longevity and resilience reflect continued political, financial, and military investments since their inception while shared security interests have ensured continued US engagement in both transatlantic and transpacific theaters. The United States and allies have strengthened conventional deterrence over time, enhanced dialogue and consultation mechanisms, and added layers of further defense cooperation elements. Yet, the nuclear umbrella has also endured and remains a decisive element of US commitment to its alliances in Europe and Asia that is unlikely to disappear in the near to medium-term future.

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CHAPTER 4

How India Navigates a World in Transition

Boas Lieberherr

India's foreign policy seeks to avoid overdependence on any country while leveraging diverse partnerships in a quest for security and status as an emerging major power. The current international balance of power and closer cooperation with the US and its allies increase India's global influence, while significant differences about ideas of order remain. At the national and regional levels, India faces major challenges. Its first foreign policy objective – and limitation – remains economic and social development.

Indian Prime Minister Narendra Modi speaks at a news conference during the German-Indian government consultations on May 2, 2022 in Berlin, Germany. *Lisi Niesner / Reuters*

The economic, political, and strategic weight of India is growing. India is expected to become the world's most populous country in 2023, and according to some forecasts, the world's third-largest economy in the next decade. It is a nuclear weapon state and not a party to any military alliance. In 2023, India takes over the G20 presidency. It seeks to use this historic opportunity to raise its leadership profile and act as a "bridging power" between East, South, and West. In the same year, India chairs the Shanghai Cooperation Organization (SCO) and will host Eurasian heads of states, likely including Vladimir Putin and Xi Jinping. New Delhi also assumes a central role in the Quadrilateral Security Dialogue (Quad) – an Indo-Pacific cooperation format with the United States, Australia, and Japan that aims to develop alternatives to a possible Sinocentric regional order.[1] And as Europe intends to diversify its relations in Asia beyond China, India is increasingly viewed from a geostrategic perspective rather than just an economic one. As a result, India's political and strategic influence and agency at the global level are likely to further increase in the years ahead, including when it comes to negotiating new forms of order in the Indo-Pacific.

India's abstention from various UN votes to condemn Russia's invasion of Ukraine has raised questions about New Delhi's foreign policy direction. The remarkable strategic convergence between India and the US and its allies over the past decade might have suggested a different voting pattern. India has become the US' counterweight of choice against China, as well as an indispensable partner in European Indo-Pacific strategies. At the same time, however, New Delhi continues to maintain close relations with Russia, cooperates with Moscow and Beijing in formats such as the SCO and the Brazil-Russia-India-China-South Africa (BRICS) dialogue, and China remains its second most important trading partner despite a structural rupture in bilateral relations. The flood of diplomatic visits to New Delhi following the start of Russia's invasion of Ukraine from the US, China, Russia, and Europe illustrates how various actors are bidding for India's support. India's diversified bilateral and minilateral relationships seem to break the logic of simple dichotomies. It is difficult to assign India to a specific "side."

The future of the global balance of power hinges on events in Asia. Therefore, it is important for Europe to better understand the foreign policy of one of Asia's most significant powers and an increasingly important bilateral partner, India. It was only 30 years ago, at the end of the Cold War, that India underwent a drastic

domestic transformation. The demise of its longtime ally, the Soviet Union, and a severe balance of payments crisis forced New Delhi to adapt its foreign policy. India pursued a strategy of non-alignment from independence until 1991, but it has since moved to an approach known as strategic autonomy or multi-alignment. While the former was an attempt to minimize costs and risks associated with being a weak power, the latter is a quest for security and status as an emerging major power.[2] Non-alignment was designed to maintain equidistance between the great powers, whereas the new approach aims at avoiding too great a dependence on any major power.[3]

In the last decade, again, not only has India's external environment changed significantly with the rise of China, but so has the domestic political environment with the election of Prime Minister Narendra Modi and the Bharatiya Janata Party (BJP) in 2014. The latter event brought an end to 25 years of weak coalition governments and marked the first time in India's history that a right-wing party had a clear majority in Parliament. The new prime minister has injected new energy and greater visibility into the conduct of foreign relations and has successfully used it for domestic political purposes. Unlike previous governments, the BJP's ideology and the language in which its foreign policy is embedded follow a religious narrative of a Hindu nation rather than a secular vision of an Indian civilization.

Three factors particularly shape India's current foreign policy. Despite the recurring enthusiasm about the "rise of India," its greatest strategic challenge – and limitation – remains domestic economic and social development. First and foremost, India seeks partners to achieve this goal. Second, China's rise complicates New Delhi's strategic environment on various levels – on the disputed border, in India's neighborhood, and in the Indian Ocean. Growing competition between the US and China and a new balancing behavior by states around the world, however, seem to provide India with levers to better address these challenges. In this context, finally, India is moving closer to the US, while continuing to diversify its external partnerships with countries such as Australia, France, Iran, Israel, Japan, and Saudi Arabia.

Today, India's foreign policy may once again be at an inflection point. On the one hand, the alignment between India and the US and its allies could become even closer. The war in Ukraine and the resulting weakening of Russia, China's more muscular approach toward India, and the Sino-Russian

"no limits" partnership put India in a difficult strategic position. With India facing the prospect of a unipolar Asia, the role of the US and its allies as balancers vis-à-vis China and its potential junior partner, Russia, will become increasingly important. On the other hand, India's conceptions of global order are in various ways closer to those of China and Russia than to those of the US and its allies. In theory, this could contribute to New Delhi's ability to act as a "bridging power." However, in conjunction with domestic trends of democratic erosion and growing illiberalism, this also adds uncertainty to India's foreign policy trajectory.

The purpose of this chapter is to shed light on the various facets of India's foreign policy – the ends, the means, and the internal and external environment in which it operates. The next section looks at the origins of the concept of non-alignment that guided India's foreign policy in the past, as well as the transformative changes the country underwent just 30 years ago. The foreign policy of the Modi government is then examined in more detail and placed in a national, regional, and international context. What follows is an outlook on how the key trends that characterize India's current foreign policy may evolve in the medium term and how this may affect the future order in the Indo-Pacific.

From Isolation to Integration

To better understand India's foreign policy today, it is important to look at its past. Non-alignment, strategic autonomy, and multi-alignment are the concepts often used to describe the strategies that have guided Indian foreign policy since independence in 1947. It is only 30 years since India underwent major political and economic transformations. After the Cold War, a socialist India ventured into partial economic liberalization and integration into the world economy, increasingly shed its anti-Western attitudes, and began to see itself as an emerging major power. India deepened engagement with the US, pursued rapprochement with China, and sought to overcome its strategic isolation in the neighborhood. The associated discourse about the new direction of India's foreign policy still reverberates today.

India's foreign policy from independence until the end of the Cold War was characterized by the strategy of non-alignment. In 1947, after a century of colonial occupation, India was facing tremendous social and economic challenges. Jawaharlal Nehru – India's first prime minister and foreign policy architect – did not want to risk India's hard-won independence by moving into the ambit of the US or the Soviet Union. He described non-alignment

as an intention "to keep away from the power politics of groups aligned against one another, which have led in the past to world wars and which may again lead to disasters on an even vaster scale."[4] Nehru's thinking was driven by the conviction that India should set an example that other countries, especially in Asia and Africa, might emulate. India became a forerunner of the Non-Aligned Movement and a vocal advocate for disarmament, decolonization, and anti-racism. Economically, India turned inward and sought self-reliance, characterized by central planning and ambitious infrastructure projects.

In practice, non-alignment did not necessarily mean equidistance between the great powers. In the second half of the Cold War, India moved closer to the Soviet Union. New Delhi also emerged "as the most articulate opponent of the Western world view," and the concept of non-alignment "acquired a decisively anti-Western orientation."[5] While other states in Asia liberalized, India's economy remained mixed. Relations with the US became increasingly strained, reinforced by Pakistan's emergence as a pivotal US ally. On the eve of the Indo-Pakistani war in 1971, India and the Soviet Union signed the Treaty of Peace, Friendship and Cooperation in response to growing Pakistani ties with the US and China. While India was a champion of non-intervention on the global stage, it became more interventionist in its immediate neighborhood, reflecting New Delhi's perception of South Asia as its sphere of influence and its attempt to affirm its primacy in the subcontinent.

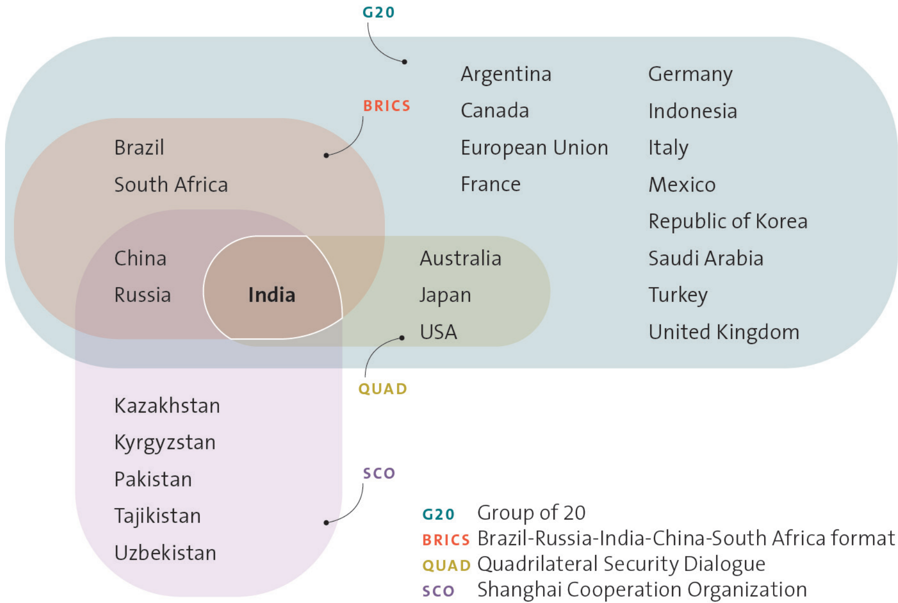
In 1991, the dissolution of the Soviet Union, India's long-term ally, as well as the transformation of the global order and a balance of payments crisis forced New Delhi to make drastic policy changes. With the prospect of a unipolar world dominated by the US, non-alignment was gradually replaced by strategic autonomy as the guiding principle of Indian foreign policy.[6] This policy became less ideological, less anti-Western, and more pragmatic. India attempted "to pursue its national interests and adopt its preferred foreign policy without being constrained in any manner by other states."[7] Instead of seeking to avoid involvement in the great-power system, India now began to aspire to a prominent place in it.[8] New Delhi ended its autarky at home and partially liberalized its economy. This involved deregulation of key sectors, dropping investment controls, raising foreign direct investment caps, and initiating the process of privatizing state-owned enterprises.[9] This period also marked the end of the absolute dominance of the Indian National Congress (INC). Weaker coalition

governments followed one-party rule. This led to a more competitive and diverse political environment with new stakeholders entering India's foreign policy discourse, such as businesses and think tanks.

India also started to engage in diplomatic outreach with its long-neglected immediate and extended neighborhood, as well as with the US. The "Look East" policy was launched to find partners in Southeast Asia that might provide finance and know-how, as well as opportunities to boost trade. It was only in 1992 that India established relations with the Association of Southeast Asian Nations (ASEAN). India also adopted a more benign and generous approach toward South Asian countries, which meant that it would make greater concessions in conflicts with its smaller neighbors. In 1998, India conducted five nuclear tests to demonstrate its nuclear capabilities and establish itself as a nuclear power. The tests were a reaction to perceived security threats, an assertion of India's military might, and a demonstration of India's scientific and technological capabilities. India subsequently faced strong international criticism and sanctions. At the same time, the tests also opened up space for diplomacy and led to intensive engagement with the US. Three years after the seminal bilateral civilian nuclear agreement with Washington in 2005, New Delhi received a waiver from the Nuclear Suppliers Group. This allowed for sustained close bilateral engagement with Washington. The US also lifted India-specific export restrictions on dual-use technologies, enabling defense and technology cooperation that otherwise would not have been possible.

After the turn of the millennium, India started to seek cooperation with other major and emerging powers such as Russia and China on various global issues in order to mitigate the negative effects that could come with the US unipolar moment. The countries founded the Russia-India-China (RIC) forum, collaborated on the BRICS, established a new development bank and eventually other institutions such as the Asian Infrastructure Investment Bank and the SCO.[10] Manmohan Singh, prime minister from 2004 until 2014, continued to pursue a foreign policy with strong emphasis on economic development. By the end of 2014, India had signed 30 partnership agreements and had established stable relationships with the major powers. This marked the beginning of India's multi-alignment foreign policy.[11] India remained critical of Western-dominated forms of global governance, continued to express doubts about democracy

India's Membership in Selected Multilateral Formats



promotion in international relations, and tried to prevent the introduction of the Responsibility to Protect (R2P), which altered the basic norms of sovereignty and non-interference in humanitarian emergencies.[12] Toward the end of Singh's term, relations with the US again experienced some setbacks, and economic growth began to slow.

Modi-fied Foreign Policy?

Since 2014, India's external and internal environments have again undergone substantial changes. While a more ambitious and aggressive China has tended to complicate India's strategic environment, this has also led to an increase in India's strategic importance in global politics. Domestically, for the first time in India's history, a right-wing party commands a clear majority in the Indian parliament. For nearly a decade now, India is led by Prime Minister Narendra Modi and the BJP. This also marked the end of a 25-year period of weak coalition governments. The BJP managed to further increase its vote share in 2019. Sustained high approval ratings for Modi and the weak state of the opposition could enable him to win a third term in the next general election in 2024.

Rarely has an Indian prime minister sparked such debate about to what extent his foreign policy differs from that of his predecessors. His approach has been described as "transformative" and associated with "seminal" changes.[13] In the view of other observers, however, Modi's foreign policy "picks up from where his predecessors left off and is characterized by essential continuity."[14] As an intermediate position, Modi's foreign policy of multi-alignment could be described as a "natural evolution" of Singh's policy, as he has offered a clearer definition of Indian strategic interests, has pushed forward the bilateral relationship with the US, and has framed strategic partnerships as something that enables rather than restricts autonomy.[15]

Since the 2000s, the basic tenets of India's foreign policy have remained relatively constant.[16] India's foremost priority has been to advance its economic and social development. This is followed by improving India's national security, which concerns internal challenges, such as the Maoist insurgency in parts of the country, threats emanating from Pakistan, a secure periphery, as well as ensuring a regional balance of power. India also wants to boost its status and enhance its role as a "leading power" in international relations, and, finally, promote its political and social ideals and values beyond its borders. India's External Affairs Minister Subrahmanyam Jaishankar echoed these goals in a speech in 2019: "greater prosperity at home, peace on the borders, protection of our people and enhancing influence abroad."[17] In recent years, however, the role that the US and its allies play in New Delhi's strategic calculus to achieve these goals has further increased due to mounting challenges from China.

As with his predecessors, Modi's foreign policy has made economic engagement a priority in order to set India on the path of rapid economic growth. After some turbulent years, Modi has succeeded in restoring a degree of confidence in India's economy.[18] Reforms of the foreign direct investment (FDI) regime, for instance, along with external factors, led to an increase in foreign investment in India during his first term.[19] India also jumped from 140th rank (2014) to 63rd (2022) in the ease of doing business index. At the same time, the new prime minister sought to deepen India's ties with a wide range of countries, including the US and China. By re-branding the earlier "Look East" policy into "Act East," Modi aimed to boost not only economic but also political and military engagement with states in Southeast and East Asia, partly in response to the rise of China. One aspect was to pay more attention to the security dimension

of India's presence in the Indo-Pacific. The "Neighborhood First" policy also represents a continuation of earlier initiatives that sought to build better relations with neighbors in South Asia.

Undoubtedly, Modi has brought new energy and visibility to India's foreign policy and has articulated India's interests more clearly and assertively than his predecessors. He devoted a considerable amount of his attention to foreign relations. Modi has made as many official trips abroad in his first term as his predecessor did in a decade, and he established personal relationships with foreign leaders such as Donald Trump and Vladimir Putin. Modi also successfully focused on the Indian diaspora, which he managed to "electrify."[20] Despite the increased focus on foreign policy at the highest levels, limited resources place relatively tight constraints on the implementation of India's foreign policy ambitions. The Indian Ministry of External Affairs is severely underfunded and understaffed.[21] The Indian Foreign Service operates with approximately 900 diplomats, about the same number as Portugal or New Zealand. In contrast, Brazil has 2,500 diplomats, China 4,000, and Japan 5,700.[22]

In a departure from previous governments, Modi's BJP has promised to base India's foreign policy on a set of principles more consistent with what it views as India's traditions.[23] Hindu nationalism, or Hindutva, is an important aspect of the BJP's party program. This ideology aims to create a Hindu nation based on language, history, culture, geography, and ancestry.[24] In the context of foreign policy, new narratives have been crafted that reflect Hindu nationalist understandings of the world and replace older ones. Modi has focused on cultural and religious diplomacy and has stressed certain elements such as yoga. In the future, India could increasingly base its foreign policy aspirations on a religious civilizational narrative of a Hindu nation, in addition to general criteria such as demographic size, economic performance, and military clout, as opposed to a secular narrative of an Indian civilization as in the past.[25]

Modi's energetic approach to foreign policy, the new language in which to describe it, and its repeated emphasis on a "new India" are also likely directed at a domestic audience. Compared to his predecessors, Modi and the BJP have successfully used foreign policy for domestic political purposes. His numerous trips abroad were widely reported in the national media. Modi is portrayed as a globally well-respected leader who is contributing to India's growing international prestige. The mega-event being organized around India's G20 presidency in 2023 – just ahead of the general elections in early

2024 – is likely to further support this narrative. At the same time, nationalist attitudes in India have continued to rise in recent years from an already high level. In a representative survey in 2022, 90 per cent strongly agreed or somewhat agreed with the statement "India is a better country than most other countries," up from 82 per cent in 2013.[26] Negative attitudes toward India's neighbors Pakistan and China are also high among respondents, at 67 and 65 per cent, respectively. Those with greater levels of baseline support for Modi are more likely to have a negative opinion of Pakistan and China. Under these circumstances, the Indian public is unlikely to see much reason for compromise in political crises with its two large neighbors.

The remainder of this chapter places India's foreign policy in a national, regional, and international context. The focus is on the challenges that India is currently facing and how the Indian government is trying to navigate the complex strategic environment in which it finds itself.

Domestic Context – Challenges and Optimism

India's foremost foreign policy objective – and limitation – is economic and social development. This has evolved from a focus on basic survival after independence to a much broader set of growth and development objectives, encompassing human capital, the economy, natural resources, and security. While there has been significant progress on several development indicators in the past few decades, India is still categorized as a lower-middle income country with a per capita income of 2,257 USD.[27] The country faces huge challenges in terms of education, poverty, employment, and health. The poor state of the health care system, for instance, became apparent in spring 2021, when the coronavirus pandemic led to its de facto collapse. Despite successes in poverty reduction, the World Bank estimates that 45 per cent of the population in India still lived below the poverty line of 3.65 USD per day in 2019.[28] India is also home to a large number of illiterate people, with over 22 per cent of the population still uneducated.[29] Against this backdrop, one of the reasons given by the Indian government for increasing its oil imports from Russia at reduced prices following Moscow's invasion of Ukraine was that the majority of the Indian population could not afford rising prices. India's domestic circumstances can contribute to its vulnerability in times of crisis and limit its room for maneuver.

Despite major economic policy challenges, India is a promising growth market. The International Monetary

Facts and Figures about India

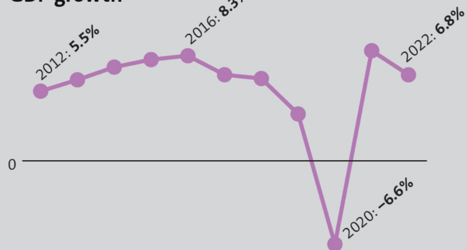
Population
2022
1,417,000,000
Global rank: **2/196**

Human Development Index
2022
0.633
Global rank: **132/191**

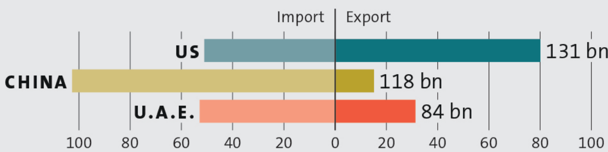
GDP
in USD, 2021
3,176 bn
Global rank: **5/196**

GDP per capita
in USD, 2021
2,257
Global rank: **153/196**

GDP growth



Most important trading partners
in USD, 2022



Military spending
in USD, 2021
76.6 bn
(2.7% of GDP)
Global rank: **3/196**

Nuclear warheads
(estimate)
160

Sources: World Bank; United Nations Development Programme; Indian Ministry of Commerce and Industry; SIPRI

Fund forecasts that India will be one of the fastest-growing economies in the next two years, with projected GDP growth of 6.1 per cent in 2023 and 6.8 per cent in 2024. According to some estimates, India may become the world's third-largest economy by 2030, while in terms of GDP per capita it would remain at the lower end of the scale.[30] However, even though the Indian economy in absolute terms has recovered to a higher level than before the pandemic and grew at 6.8 per cent in 2022, GDP growth was slowing before the pandemic. Observers saw part of the reason for this in poorly implemented national policies such as the currency demonetization in 2016.[31] With its young population, India also hopes to benefit from the "demographic dividend." However, the provision of jobs for the millions of young people flooding into the labor market each year will be a challenge. For instance, the Modi government promised to increase the share of manufacturing in GDP to 25 per cent.[32] Since 2014, however, the figure has stagnated at around 14 per cent. So far, the international competitiveness of Indian industry has been limited, with large trade deficits every year.

Following the outbreak of the pandemic in 2020, Modi launched the concept of "Atmanirbhar Bharat" – self-reliant India. The policy seeks to increase India's self-sufficiency by promoting the domestic industry and reducing reliance on foreign suppliers and imported goods. It also aims to privatize state-owned enterprises and build up national champions, for example in the technology sector.[33] The bureaucratic rules introduced as a result could complicate market access, especially for foreign medium-sized companies.[34] India is also looking to benefit from the global push to diversify supply chains. The Indian government supports such efforts with huge subsidies and has relaxed investment requirements for foreigners. FDI in India as a share of GDP has surpassed that in China in recent years. Global manufacturers such as Apple, which today has a tiny share of the Indian market, are expanding their production in India. Apple has previously used its local manufacturing facilities in India to assemble older generations of iPhones. Last year, however, the latest iPhone 14 was also manufactured in India, just shortly after production began in China.

The Indian Armed Forces also face challenges. Eighty per cent of Indian military platforms are currently designated as "vintage."[35] While India's defense expenditures in nominal terms have been steadily increasing, about half of the resources are used for salaries and pensions and only about 23

per cent for the modernization of the armed forces. Due to a poorly developed defense industry, India was the world's largest importer of defense equipment from 2012 to 2021.[36] During the Cold War, India developed a strong dependence on Russian defense equipment that continues to this day. The Modi government has initiated reforms to address some of the related issues such as the long-awaited introduction of the post of Chief of Defense Staff to improve coordination among the three services and the procurement process, a new recruitment program that could reduce India's spending on salaries and pensions in the long run, and the build-up of the national defense sector under the self-reliant India campaign. However, the need for long-term modernization of the armed forces and the incentive for quick wins for "Atmanirbhar Bharat" in the defense industry may potentially conflict with each other.[37]

Since Modi took office, there has been increasing debate in and outside India about the state of Indian democracy. In 2020, the Swedish Varieties of Democracy (V-Dem) Institute downgraded India from an electoral democracy to an electoral autocracy.[38] The 23-percentage point drop in the index between 2013 and 2020 represents one of the most dramatic shifts among all countries in the world during this time period. The World Bank's Voice and Accountability Index, which tracks, among other things, the right to freedom of expression and free media, also shows a steady and significant deterioration in India since 2016.[39] Although these indices have their own weaknesses, they point to a negative trend regarding civil liberties in India. The Modi government has used laws on sedition, defamation, and counterterrorism to push back against its critics, and is making it more difficult for civil society organizations to operate in India.[40] It has also extended its influence on institutions that were previously considered independent, such as the central bank.[41] Other policies have elicited the criticism that they are directed against the Muslim minority – more than 200 million people – in India. In 2019, the Indian government stripped the only Muslim-majority state of Jammu and Kashmir of its partial autonomy and brought it under direct federal rule. The 2019 Citizenship Amendment Act (CAA) provides an expedited pathway to Indian citizenship for persecuted religious minorities such as Hindus and Buddhists from Afghanistan, Bangladesh, and Pakistan, but not for Muslims. Combined with the planned National Register of Citizens, which would document legal citizens and identify illegal immigrants, this would complicate the

situation for Muslims, who are not offered the same protection under the CAA as people of other religions.

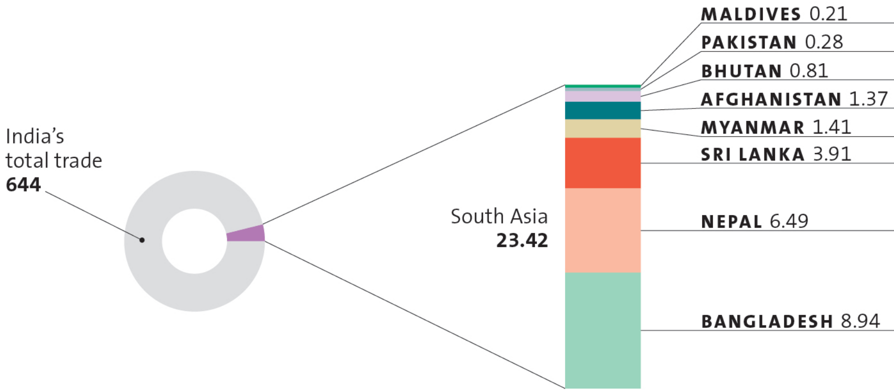
The Neighborhood – It's Complicated

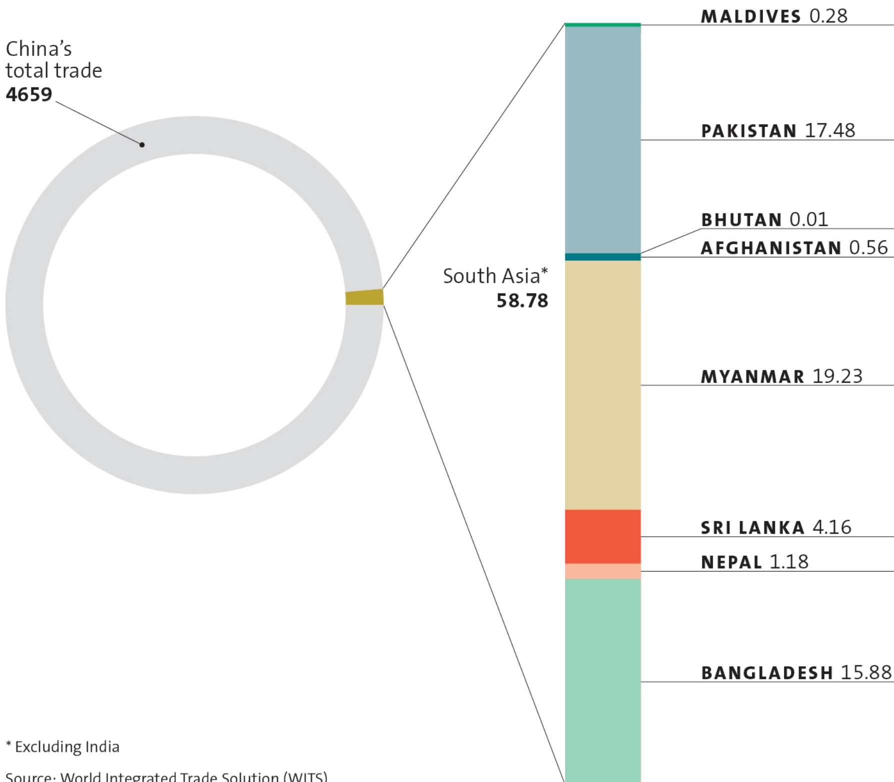
China's growing strategic presence in and engagement with countries in South Asia and the larger Indian Ocean region – not only economic but also politically and militarily – complicates India's management of relations with its neighborhood at various levels. New Delhi is losing influence in the region vis-à-vis China. India is surrounded by several smaller countries, including Nepal, Bangladesh, Myanmar, and Sri Lanka, and large ones with which it has adversarial relations, namely Pakistan and China. India's immediate environment has always been difficult to manage and relatively unstable. South Asia is one of the most poorly integrated regions in the world, due in large part to the conflict-ridden relationship between India and Pakistan. India's trade and connectivity linkages with its smaller neighbors have only begun to grow in recent decades, with India's "strategic culture of insulation" during the Cold War still reverberating today.[42] The current government, in a continuation of policies since the 1990s, has stepped up diplomatic engagement, as well as financial and humanitarian assistance, and has accelerated the work on connectivity. In absolute terms, India is doing more than ever before, but with competition from China, expectations and demands are rising as well.[43] Since India's relations with its smaller neighbors have been characterized by a large disparity in size and power, growing Chinese involvement also offers those countries the opportunity to break free from New Delhi's sometimes tight grip, along with economic benefits. Other factors such as financial constraints, slow bureaucracy, and a poor implementation record also limit India's ambitions and competitiveness. Against this backdrop – and in contrast to the past – India is seeking the support of external powers by building partnerships to counter China's growing influence in the region. The growing competition between the US and China, as well as India's important role in the Indo-Pacific, offer New Delhi levers in the form of partnerships and access to funding to better address some of these negative trends.

A central preoccupation for India since 1947 has been to manage competition with Pakistan. The two countries have fought four wars, the last in 1999. Pakistan's support of terrorist groups against India after the 1980s, terrorist attacks against Indian urban centers such as the 2008 Mumbai attacks, and subsequent attacks on

India and China's Trade with South Asia

in billions of USD, 2020





* Excluding India

Source: World Integrated Trade Solution (WITS)

military and police units stationed along the India-Pakistan border have contributed to a strained bilateral relationship. Since the 1990s, this challenge has also been linked to nuclear deterrence as Pakistan has developed and tested its own nuclear weapons with crucial support from China. The close bilateral ties between Pakistan and China add another layer of complexity to this dyad. In recent years, Pakistan-China relations have expanded from strong defense ties to significant Chinese investment in the China-Pakistan Economic Corridor (CPEC) that runs through Kashmir. In contrast to earlier governments' "characteristic restraint," Modi has shown more appetite for risk-taking and more willingness to escalate militarily with Islamabad, both after terrorist attacks in 2016 and three years later. [44] In 2019, a vehicle-borne suicide bomber attacked an Indian Central Reserve Police Force convoy in Kashmir, killing 40 personnel. The militant group Jaish-e-Mohammed (JeM), a banned terrorist outfit from Pakistan, claimed responsibility for the blast. In response, India carried out air strikes in Pakistani territory – for the first time since 1971 – resulting in air skirmishes between the two air forces. During the campaign for the general election, which took place a month and a half later, the Modi government used the incident to distinguish its strong response to Pakistan from the "weaker" behavior of previous INC governments. In relative terms, however, the "Pakistan challenge" has diminished since the 2000s.[45] Following the 2020 border skirmishes with China, reports emerged that the Indian Army will reorient two infantry divisions from the Pakistani border to the Chinese border and further strengthen other deployments along the Northern borders. Since February 2021, the ceasefire with Pakistan along the Line of Control in Kashmir, which had been violated daily for years, has remained stable.

In the extended neighborhood, now also referred to as the Indo-Pacific, India has expanded its geopolitical radius and has gained influence in recent years, particularly in the area of security. In this context, too, New Delhi's limited material resources constrain its growing ambitions. In the Indian Ocean, India has stepped up its power projection. It sees itself as a security provider and first responder and has increased security cooperation with states in the region such as Mauritius, Seychelles, and the Maldives. Southeast Asia is recognized as the heart of the Indo-Pacific. India's main partners are Singapore and Vietnam, with which security cooperation has increased from a modest base, focusing on maritime capacity building

and exercises. Closer bilateral cooperation with Japan and Australia, as well as within the Quad on a wide range of issues, has also contributed to India's sharper security profile in the Indo-Pacific. In terms of economic integration, however, Modi's "Act East" policy has so far been only moderately successful. India remains skeptical of multilateral trade agreements, reflecting its long-standing hesitant attitude toward globalization. New Delhi is not part of the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP), it withdrew at the last minute from the China-led Regional Comprehensive Economic Partnership (RCEP) because it feared an even larger trade deficit with China, and it is participating in negotiations on only three of four pillars – barring the one on trade – of the US-led Indo-Pacific Economic Framework (IPEF). While the Modi government has long refrained from signing bilateral free trade agreements, it made a U-turn in 2021. In doing so, India aims to gain access to new export markets, diversify supply chains, reduce dependence on the Chinese market, and complement closer political cooperation with key partners by means of stronger economic engagement. India has since signed agreements with Mauritius, Australia, and the United Arab Emirates, and is in negotiations with the UK, the EU, and Canada, among others.

The Wider World – Sweet Spot or Caught in Between?

From an Indian perspective, the international environment with its many cleavages is at the same time difficult to navigate but also offers opportunities if Delhi plays its cards well. In the current balance of power, India is often ascribed the role of a "swing state," which means that India's positioning with respect to various issues could become increasingly important. However, this is also a delicate balancing act that, depending on developments, could prove detrimental to Delhi's position and interests.

India's relations with China have become increasingly complicated in light of the growing power differential and China's rising ambitions and aggressive behavior. Going forward, New Delhi will have to find effective ways to address this, which will likely include a combination of both internal and external balancing, accommodation, and competition. The 2020 China-India border clashes along the Line of Actual Control (LAC) in the Himalayas resulting in fatalities for the first time in more than 40 years marked a watershed moment in the bilateral relationship, at least from India's perspective. While India has tried to reassure China in the past despite closer ties with Washington, New Delhi has shed its

reluctance to take a more confrontational stance toward Beijing since the border incident. It has taken economic retaliatory measures, such as new rules restricting Chinese direct investment and banning nearly 60 Chinese apps. Shedding past reservations, India also stepped up its engagement with the Quad. While Beijing argues that relations should move forward despite heightened tensions along the LAC, New Delhi takes the opposite view that progress in relations cannot be separated from the border issue. Domestically, the Modi government has tended to downplay the situation on the border and has been reluctant to share respective information with the public. While this might follow the logic of a risk management strategy, it also gives China space to manipulate India's denial and reinforce gray zone tactics.[46]

The situation along the border remains tense. There is currently no solution in sight at the tactical or strategic level. Both countries have built permanent infrastructures in high-altitude terrain and have deployed some 55,000 troops each, stationed in close proximity. This also places an additional burden on India's already limited military budget. More financial resources are urgently needed for military modernization and the development of maritime capabilities. The maritime domain has only more recently assumed a more prominent role in New Delhi's security considerations.[47] Compared to India's land borders, the maritime environment offers strategic advantages over China because of India's geographical position. But the reach of the Indian Navy remains relatively limited at present. As India and China vie for security and influence in Asia, competition in the Indian Ocean will likely intensify. Their respective capabilities to project military force across the ocean and establish a lasting strategic presence will also influence the Asian balance of power.[48]

Notwithstanding these various points of friction, China's economic importance to India remains crucial. In 2022, Beijing was New Delhi's second-largest trading partner and the bilateral trade balance reached a new high – with a large trade deficit for India. It is telling that India, despite the current confrontation along the disputed border, is the only country in the Quad that remains uncomfortable with the security aspects of the grouping. The Quad focuses instead on softer issues such as technology development and vaccines. Despite New Delhi's more confrontational rhetoric, its willingness or ability to distance itself further from Beijing seems to have certain limits.

India's relations with the US have been on a clear upward trajectory for over 20 years. While bilateral relations will continue to experience ups and downs, they are more comprehensive than ever and underpinned by growing mutual trust. Since the George W. Bush administration, India has been cultivated in Washington as a strategic partner whose hard power is to be strengthened to counterbalance China.[49] The Obama administration has designated India as "major defense partner." The Defense Department said the move sought to elevate India's position "at par with that of the United States' closest allies and partners."[50] During the Trump presidency, the two countries signed two foundational defense agreements, building upon one that was already signed in 2016. These allow for mutual logistical support, give India access to geospatial and GSI data, and enable intelligence sharing between the two militaries. These agreements were stalled by previous Indian governments, while Modi has been willing to push them through relatively quickly. In 2018, India and the US held the first 2+2 dialogue of their foreign and defense ministers. Modi also developed strong personal ties with Trump, as evidenced by Modi's rock star reception at the "Howdy Modi" event in Houston in 2019 and the "Namaste Trump" visit to Ahmedabad in 2020. The escalation on the China-India border in 2020 led to a further strengthening of US-India cooperation, for example through the Quad. From India's point of view, it was also seen as positive that the different strategic positions on the Russian war in Ukraine did not lead to bilateral distortions. US government officials have expressed their understanding of India's "distinct" relationship with Russia.

Although the US and India have grown closer in light of the challenges posed by China, they are far from aligning on all issues. Major differences exist, for example, on trade in the areas of market access, intellectual property and unfair competition, and immigration, as well as on larger strategic issues. From India's perspective, US support for an Indian permanent seat on the UN Security Council is often little more than rhetoric.[51] India also believes that the current international order is skewed in favor of the US and its allies. Modi stated in an address to the US Congress in 2016, that "the effectiveness of [US-India] cooperation would increase if international institutions framed with the mindset of the 20th century were to reflect the realities of today."[52]

Russia's invasion of Ukraine forced India to perform a difficult balancing act between its longtime strategic partner Russia and its increasingly important

relationships with the US and its allies. Russia and India share a "Special and Privileged Strategic Partnership" dating back to the Cold War.[53] This relationship is underpinned by a mutual "geopolitical understanding," stated the Indian External Affairs Minister Jaishankar in 2020.[54] The Indian population's perception of Russia remains relatively positive one year after the outbreak of war.[55] However, Russia's importance in India's strategic calculations has steadily declined since the end of the Cold War. The war in Ukraine and the associated economic, political, and military weakening of Russia are likely to reinforce this trend. Due to strong defense dependencies and strategic considerations, however, India will not want – and would not be able – to give up its close ties with Moscow so quickly. The most important aspect of the bilateral relationship is defense cooperation. About 75 per cent of India's current military inventory is of Russian or Soviet origin. Unlike Western partners, Moscow develops and produces strategically important technologies such as the BrahMos supersonic cruise missile jointly with India. However, India has managed to reduce its dependence on Russian arms imports significantly. Whereas ten years ago India sourced more than 80 per cent of its annual arms imports from Russia, by 2021 the share had dropped to 40 per cent. India has turned to the US, France, and Israel, among others, to diversify its imports. While trade relations with Moscow are generally moderate, India has dramatically increased its imports of discounted Russian oil since Moscow's invasion of Ukraine. Since February 2022, Russia has gone from being a marginal crude oil supplier to India's main supplier.

Significant reductions of Russian defense equipment in the Indian military inventory will not only take decades but will also require the willingness of other countries to support India in closing the emerging gaps in key areas. Following Russia's invasion of Ukraine, India canceled some previously agreed purchases of defense equipment such as the MiG-29 fighter aircraft. It has been argued, however, that these cancellations were planned prior to the invasion to promote the use of indigenous capabilities in the context of the "self-reliant India" campaign.[56] India is holding on to strategically important procurements such as the Russian S-400 air defense system. The US-India Critical and Emerging Technology initiative (iCET), launched in May 2022, can be seen as a US attempt to support Indian diversification efforts. Under the initiative, the two countries seek closer cooperation on munition-related technologies, maritime security,

semiconductors, quantum computing, and Artificial Intelligence (AI). At the first bilateral meeting under the initiative in January 2023, the US said that it was evaluating a proposal from General Electric for joint production of jet engines for Indian warplanes.

New Delhi also fears an uncontrolled Russia-China axis if it were to distance itself further from Moscow. Last year, China and Russia declared a partnership "without limits" and "with no forbidden areas." Although this bilateral relationship will be limited by several factors, closer alignment between India's main defense supplier, Moscow, on which it depends to meet the military challenge from China, and its main adversary, Beijing, which can increase military pressure along the disputed border at will, could seriously complicate New Delhi's strategic environment. The more pressing this challenge becomes, the more New Delhi will align itself with the US and its allies.

In the context of India's vision of a multipolar world and its search for partners to build the country's internal capacity and resilience, Europe – the EU and its individual member states – is also assuming a more prominent place in New Delhi's strategic thinking. India's Foreign Minister Jaishankar stated in 2021 that India is making an effort to "engage with all 27 European states and with Europe as a collective."[57] India has significantly increased its senior-level interactions with Europe in recent years. From the perspective of Europe, increasing tensions with China and, in this context, the rise of the Indo-Pacific have contributed to a change in the perception of India and its role in Asia. This has created previously nonexistent overlaps in foreign policy objectives. There are, however, different speeds at which the various relationships develop. France has been India's most important strategic partner in Europe by far for decades and also plays an important role globally. India sees this relationship as complementary to the one with the US, as it helps to diversify New Delhi's options.[58] A key aspect of this relationship is the area of defense as well as security cooperation in the Indo-Pacific, where France has overseas territories. Between 2017 and 2021, Paris was the second-largest exporter of defense platforms to New Delhi. The two countries also conduct an annual strategic dialogue and joint military exercises.

Over the past decade, EU-India relations have expanded both in terms of the number of interactions and the scope of the partnership. According to Garima Mohan, the 2018 EU strategy on cooperation with India marked a significant departure from the EU's

previous approach.[59] India was no longer viewed only through the lens of trade, the strategy went beyond bilateral cooperation by addressing larger geopolitical developments, and foreign and security policy cooperation played a more important role. The EU invited Modi for a summit with all 27 EU heads of state in 2021, a format previously offered only to the US president. In 2022, the EU and India also launched a trade and technology council and resumed negotiations on a free trade agreement after a gap of about nine years.

Germany is India's largest trade partner in the EU, and the tenth-largest foreign investor globally. Unlike France, however, Germany is interested in an expanded agenda with India for the purpose of diversification rather than balancing China.[60] The most important pillar of bilateral relations is economic cooperation, followed by science and technology and security and defense. The "Zeitenwende" envisaged by Germany could, however, also lead to closer security cooperation with India in the future. Despite an increase in high-level exchanges, Germany's interactions with India rank far behind those with China. New Delhi has also increased its engagement with other countries in Europe, some of which were visited by an Indian prime minister for the first time in decades, for example Portugal in 2017.[61] In 2018, India and the Nordic countries also held their first summit and met again in 2022.

The difficult discussions between India and Europe following Russia's invasion of Ukraine have also added a new complexity to the relationship and have contributed to a better understanding of each other's positions and dependencies.[62] However, even though India's relations with Europe have grown considerably compared to 20 years ago, there remains a great amount of untapped potential.

An Ambivalent Partner?

India's foreign policy has changed significantly since the end of the Cold War. After decades of strategic isolation, New Delhi has since sought integration into the global economy, proactively engaged its neighborhood, and improved its relations with the US and its allies. Also in response to external developments, certain trends seem to have accelerated under the Modi government, such as the growing importance of the security partnership with the US and its allies and the articulation of a balance of power approach in the Indo-Pacific. Leveraging bilateral and minilateral relationships with a diverse range of countries in a quest for national security and status as an emerging major

power while seeking to avoid overdependence on any country characterizes India's current foreign policy. This approach is reflective of New Delhi's greater aspirations at the global level. India envisions both a multipolar Asia in which China can be kept in check and a multipolar world in which US power is not overbearing.[63] What has remained unchanged since independence is the flexibility to tilt selectively toward a major power depending on external circumstances.[64] The current international upheavals present challenges and opportunities for India's aspiration to remain an independent, self-reliant pole in a changing world order.

India's influence at the global level seems to be increasing, even if navigating between the many international cleavages often represents a difficult balancing act. The record at the national and regional levels is mixed. Despite discussions about "India's rise," New Delhi continues to face major social and economic challenges. This remains its foremost foreign policy preoccupation and limitation. How successful India will be in building its domestic material capabilities will determine the extent to which New Delhi will be able to shape the regional and international environment and achieve its foreign policy ambitions. An important factor in this equation is the cooperation with financially strong partners such as the US and European countries. From the perspective of European countries, India will be a key partner in raising their profile in the Indo-Pacific and diversifying their relationships in Asia. Global efforts to diversify supply chains and India's aspiration to attract foreign investment offer a window of opportunity for closer engagement between Europe and India. Investing in India's long-term potential to increase its manufacturing capacity could benefit countries looking to reduce their dependence on China. With the prospect of closer relations between India and Europe, however, domestic political developments in India could reemerge as a contentious issue and potentially endanger the sustainability of progress in bilateral relations. Bilateral exchanges on these issues on an equal footing could represent a way to reduce this risk.

Besides economic development, China's rise and closer ties with the US and its allies are the other key factors shaping India's current foreign policy. India's relations with China have reached a low point, and Beijing's increasing clout in South Asia and the military pressure on the disputed border are difficult for New Delhi to manage. However, India's role in the Indo-Pacific as a counterweight

to China and associated closer cooperation with various states help New Delhi to offset certain negative effects. Therefore, India might not necessarily be interested in weakening Sino-US competition. A detrimental effect of India's closer engagement with the US and its allies is that China increasingly sees India in the context of its own bilateral competition with Washington. Beijing could use India's closer alignment with the US and its involvement in the Quad as a pretext for further aggression, which could have been a reason for the escalation of the border crisis in 2020 in the first place. While during the Cold War the absence of a direct threat from any of the major powers gave India greater room for maneuver, the current geopolitical situation is likely to impose certain limits on India's multi-alignment strategy. India's balancing behavior toward China carries certain risks that are difficult for New Delhi to calculate. Given these strategic considerations and China's economic weight, India may eventually soften its stance toward Beijing once the current crisis can be resolved.[65] However, this would not lead to a sustainable rapprochement based on mutual trust, and New Delhi would continue to pursue diversified balancing strategies vis-à-vis China.

India's relations with the US are better than ever before. Cooperation between New Delhi and Washington has reached a level and density such that it will be less dependent on personalities in the future. The broader trajectory of the relationship seems to be well established. If China maintains its current course toward India, closer alignment with Washington will be the defining feature of India's foreign policy in the medium term. Nevertheless, as much as India will remain wary of Chinese coercion, it will continue to be skeptical of excessive US power. While there is currently a wide range of shared bilateral strategic interests between Washington and New Delhi, these overlaps would be much smaller without China's aggressive behavior. This is also reflected in the fact that India seems to be more closely aligned with Russia and China than with the US and its allies on various aspects of ideas of order. India calls for a multipolar world, for reform of the UN Security Council, and better representation in institutions such as the International Monetary Fund and the World Bank. It also opposes unilateral action and sanctions outside the UN Security Council and shares similar reservations with China on freedom of navigation, a key aspect of order in the Indo-Pacific. Variation in worldviews between India and the US and its allies need not be an obstacle to closer bilateral engagement but rather the basis for managing expectations.

India's growing strategic importance and its decisive role in the Quad illustrates how economic, political, and military weight is shifting toward Asia. India is likely to play an important role in negotiating the future framework for a "free and open" Indo-Pacific, with its ideas of order gaining more influence. In this regard, New Delhi may also be able to mediate between certain diverging interests of the US, Asia, Europe, and Africa. For now, this will enable India to remain a relatively independent pole and benefit from growing international cleavages. India's constraining factors remain its limited material capabilities and the prospect of a more aggressive China forcing New Delhi to make greater concessions on its autonomy.

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