

Impact of the US Indo-Pacific Strategy on China-India Economic Cooperation

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Abstract. India has grown to be a significant component of the US Indo-Pacific strategic layout in South Asia because of its unique geographic location, political and economic power, and other factors. Through collaborative efforts within the Indo-Pacific Economic Framework (IPEF), the US and India have fostered project cooperation by aligning policy dispositions to address shared interests and contain China. Analysis of the economic and trade interactions between China and India suggests a declining trend in their cooperation from many perspective. In a strategic move, India opted out of the China-led Regional Comprehensive Economic Partnership Agreement in 2019 to prioritize economic and trade relations in accordance with its strategic objectives. In addition, India got supports and advancements in high-tech industries through the US Indo-Pacific strategy, consequently reducing collaboration with China in this sector. Furthermore, the US and India have taken measures to diversify supply chains and explore alternative trade routes, steering away from China and promoting regional industrial transfers. This shift has prompted India to intensify its focus on developing high-tech industries to lessen its dependence on China's industrial chain supply. These initiatives have also contributed to the formation of an internal trade network within the IPEF, disrupting traditional trade exchanges between China and India. However, the economic cooperation between the US and India falls short of reaching its full potential because of differences in national interests, history, culture, and other factors. Consequently, the impact of China-India economic relations is not catastrophic, even in the face of heightened US trade restrictions on China that have compelled India to make strategic decisions.

Keywords: United States; Indo-Pacific Strategy; Indo-Pacific Economic Framework (IPEF); China-India Relations; Economic Cooperation.

1. Introduction

The shift in Asia's centre of gravity from the Asia-Pacific to the Indo-Pacific is seen as a significant factor in reshaping the geo-economic and political landscape. In response to China's growing influence in the Indian and Pacific Oceans, the United States has initiated the Indo-Pacific Strategy to counterbalance this influence and assert its global dominance. This strategy is characterised by a clear focus, a strong ideological stance and a notable military emphasis. Beyond security concerns, the United States has employed various diplomatic tactics to strengthen the QUAD alliance of the United States, Japan, India and Australia in the political, economic and diplomatic spheres, as well as to promote cooperation with neighbouring countries in the Indo-Pacific region. Economically, the United States, Japan, India and Australia have established extensive economic and trade partnerships, including initiatives such as the Asia-Africa Growth Corridor, which is perceived as anti-China and facilitates foreign capital investment in Indian Ocean countries. India's strategic outlook is closely aligned with the containment strategy against China pursued by the United States, Japan and Australia, particularly evident in its maritime strategy focused on the Indian Ocean and extending to the Pacific. India's participation in the US-led Indo-Pacific strategy is also driven by domestic aspirations to enhance its global standing. The diplomatic, defence and trade coordination between these countries underscores the potential for cooperation and the development of the Indo-Pacific strategy. Therefore, this study focuses on analysing China-India economic relations in the context of the US Indo-Pacific strategy and China's responses to the challenges it posed.

While a considerable amount of research have been conducted on the Indo-Pacific strategy, comparatively less has been done on the economic connections between China and India and how the Indo-Pacific strategy has affected them. From economic relations, some scholars have examined the trade barriers between China and India[1], others have delved into their economic and cooperative relations[2]. In addition, investigations on the impact of the Indo-Pacific strategy on China-India economic relations have explored from various aspects such as the IPEF[3], the global industrial chain reconstruction[4], the Belt and Road initiative[5], India's unique practices[6], and so on. Furthermore, Researches on China's responses to cooperation and challenges posed by the Indo-Pacific strategy contain energy cooperation[7], industrial chain complementarity[8], the establishment of a new economic relationship model including the theory of subregional cooperation[9, 10]. These researches have also touched upon related issues like the influence of security concerns on China-India economic relations[11]. However, existing studies tend to focus on specific aspects rather than providing a comprehensive analysis of the overall framework of China-India economic relations within the context of the Indo-Pacific strategy. Therefore, this paper aims to evaluate the impact of the US Indo-Pacific strategy on China-India economic relations by examining areas of cooperation and the depth of economic and trade relations between China and India. Given the geographical proximity and significant influence of both countries in Asia, this analysis may offer valuable insights into the challenges and opportunities for cooperation between them and shed light on the future prospects of China-India economic relations.

2. US Indo-Pacific Strategy and India's Overall Response

The Indo-Pacific area has garnered greater attention from the US after the Obama administration. The Indo-Pacific strategy, which aims to intervene in the two crucial sectors of security and economy, has progressively evolved from a concept to a key strategic arrangement with considerable worldwide influence and efficacy through strengthening and upgrading. India is becoming a key target for the US because of its highly significant geopolitical and politico-economic standing in Asia. India has made the decision to join the US Indo-Pacific strategy and expand its collaboration with the US in a many aspects after balancing different interests and integrating its own growth path.

The Return to Asia and Asia-Pacific Rebalancing policies, which were put into effect during Obama's administration, highlighted America's objective of shifting its focus back toward the Asia-Pacific region. When US Secretary of State Hillary Clinton first mentioned the Indo-Pacific idea as an important symbol in her speech on US Asia strategy in Hawaii in October 2010, the US began to regard the Asia-Pacific and Indian Ocean regions as a strategic whole. During his speech in Japan on November 5, 2017, President Trump unveiled the Indo-Pacific strategy to the world, and it went on to become the focal point of US foreign policy. Subsequently, President Trump signed several documents, including the *Indo-Pacific Strategic Framework*. The Biden administration significantly strengthened the policy by emphasizing its importance, clarifying its standing, and expanding its areas of cooperation to promote regular communication among important nations. The White House released the latest *Indo-Pacific Strategy Report* in February 2022 following a number of events. Building an open, connected, prosperous, resilient, and secure Indo-Pacific region is the primary goal of US Indo-Pacific strategy, according to the report[12]. The IPEF is a concrete measure of prosperity that focuses on building a framework for regional economic cooperation that excludes China through trade, supply chains, the clean economy, and a fair economy in order to uphold US dominance in the economic affairs of the Indo-Pacific region.

India's strategic location in South Asia and the Indian Ocean have rightly made it the center of US efforts to integrate it into the Indo-Pacific Strategy. Official documents and US officials have highlighted India as the focal point of the Indo-Pacific Strategy. In order to further promote the Indo-Pacific collaboration, the Trump Administration was dedicated to considerably extending the US-India collaboration, as US Secretary of State Tillerson declared in a speech on October 18, 2017[13]. Furthermore, the US announced its National Security Strategy at the end of 2017, emphasizing that it welcomes India's rise to prominence as a significant global force and a stronger strategic and

defense partner[14]. These two incidents highlight how important India is to the US. Besides, India's actions and achievements in the Indo-Pacific, according to the Carnegie Endowment for International Peace, will lay the groundwork for its role in a new global security architecture. India has vast economic potential. In addition to being a major strategic player in containing China's rise[15], it also has a prominent position in the IPEF and is expected to overtake Germany and Japan to become the third largest economy in the world[16]. Moreover, by agreeing to consider India's request to reinstate preferential tariff treatment under the Generalized System of Preferences (GSP) in 2021 and by loosening restrictions on imports of mango and pomegranates from India in the first half of 2022, the US has shown its support for business and trade with India[17]. Thus, it demonstrates how seriously the US takes India's participation in the Indo-Pacific strategy, how much the US hopes India can leverage its geopolitical advantages to facilitate the strategy's implementation.

Out of pragmatism, India decided to join the Indo-Pacific Strategy after a comprehensive consideration of political, military, and economic factors. When Prime Minister Narendra Modi traveled to the US in June 2017, the leaders of two countries talked about a range of issues, particularly the promotion of two nations' strategic relationship, which they deemed to be strategically significant[18]. Modi expressed his commitment to building a close partnership with the United States to promote peace and stability in the Indo-Pacific region, arguing that strong India-USA ties benefit our nations and the world[19]. Meanwhile, Prime Minister Modi himself stated that they had agreed to work closely together to promote maritime trade and cooperation[20]. Furthermore, Modi stressed that India and the US shared a vision of an open, stable, secure and prosperous Indo-Pacific Region at the IISS Shangri-La Dialogue in June 2018[21]. In addition to improving India's long-standing geopolitical marginalization in the Asia-Pacific region, joining the US Indo-Pacific strategy also aligns with India's policy of pursuing shared security and growth in the Indian Ocean region and eastward expansion strategy[22], as well as its aspiration of rejuvenation of India to become a major global power[23], which can assist India in laying the groundwork for the psychological building necessary to establish itself as a major regional power and enable it to initiate a strategic confrontation with China with the support and backing needed to escalate the situation further.

As Modi expressed confidently, the destiny of the world will be deeply influenced by the course of developments in the Indo-Pacific region[24]. Economically, India thinks that by stepping up its strategic collaboration with the key nations in the Indo-Pacific strategy, it can increase its economic might. Although strategic and security cooperation is the primary component of India's Indo-Pacific strategy, Modi has emphasized the significance of defense cooperation with the US[25]. The Indo-Pacific strategy of the United States is not economy-focused, but normally comprehensive collaborations among nations involving economic cooperation. Thus, within the framework of the Indo-Pacific strategy, India not only took the lead in pursuing supply chain reorganization and piloting the "China +1" model, but it is also pleased to see and even took the initiative to request other nations, like the United States, to invest and build national infrastructure in the Indian Ocean region.

India is progressively embracing the US Indo-Pacific strategy, primarily due to the strategy's allure and goodwill to it, as well as its own national development concerns. As a result, India has numerous commercial partnerships with other nations, which has affected the composition of economic imports and exports as well as China-India economic relations.

3. Economic Situation of China and India before and after the Implementation of Indo-Pacific Strategy

India and China have a competitive and cooperative economic partnership, in contrast to their extremely adversarial geopolitical rivalry. The 21st century has seen a period of generally stable relations between the two nations. China and India have a common interest in changing the global economic system and amplifying the voices of emerging economies because they are both nearby nations with developing and emerging economies. The Strategic Partnership for Peace and Prosperity

was announced by China and India in 2005. In 2014, the two nations decided to strengthen this partnership and transform it into an even more intimate development alliance, demonstrating the significance of trade and economic cooperation in their bilateral relations. However, due to China's economic growth undermining India's economic influence in South Asia, as well as the two countries' innate geopolitical animosity, trade deficits, border disputes, domestic populism, and tariff and non-tariff barriers, trade cooperation between them has also assumed a competitive character.

Prior to the proposal of the US Indo-Pacific strategy, India and China had tight trade and economic relations. For instance, China accounted for over 10% of India's overall trade in 2017 and 2016, making it India's top trading partner[26]. Meanwhile, China's share of India's imports was more than 15%, even though China accounted for less than 5% of India's overall exports[27]. However, it first started to affect China-India economic relationship after Trump announced the Indo-Pacific Strategy in late 2017 and signed a series of documents, including the *Indo-Pacific Economic Framework* and the *National Security Strategy Report*. In 2018, the United States overtook China as India's top trading partner[28]. India saw a 10.42% gain in overall exports in 2017 compared to a 7.94% decline in imports from China. Even yet, the state of India's exports to China at the time had little bearing on the country; in fact, the growth rate of India's export volume to China was substantially larger than the growth rate of India's export volume overall. Furthermore, while China's imports into India contributed to an increase in the country's overall import volume between 2016 and 2017. This trend, however, abruptly reversed in 2018 with a 3% decline, and the decoupling trend was further intensified by India's withdrawal from the Regional Comprehensive Economic Partnership (RCEP) in November 2019[29]. Despite being the most populous, diversified, and dynamic FTA in the world and the largest and most significant FTA in the Asia Pacific region, India decided to quit the RCEP due to strong pressure from both internal and external aspects. Aside from the influence of factors like the trade deficit, economic competitiveness, China-India rivalry, economic nationalism, and interest groups in India, one of the main factors in this decision is geopolitical relevance. Since Trump took office, relations between China and the United States have deteriorated. Thus, the Indo-Pacific strategy has been refocused, with a greater emphasis on geopolitical objectives and less emphasis on economic issues between nations. India's Foreign Secretary S. Jaishankar stated that it is impossible to separate geopolitical and economic factors[30]. Despite the GTAP model indicates that India's membership may have good economic impacts[31], India has declared that it is not considering rejoining the RCEP, with border conflict between China and India in 2020[32].

Although the Indo-Pacific strategy brought the United States and India closer together, it did not generate substantial spillover effect on China-India economic connections in the following two to three years because of the policy's delayed implementation. For instance, even though India's overall exports and imports have been led by the United States since 2018, the difference with China in 2021 is not very great [33]. The percentage of India's total imports from China exceeded 15% of its total imports, while India's exports to China remained at 5% of its total exports, indicating that the US Indo-Pacific strategy had not yet had a significant impact on the country's economic relations with China[34]. China-India economic relations were not severely damaged again until the Biden administration unveiled its Indo-Pacific Strategy Report in 2022, particularly after the "four pillars" were put into effect in May of that year with 14 nations joining the IPEF. The combined import and export volume of the United States and India exceeds that of China and India by approximately \$15.6 billion. India's export volume to China fell to approximately 3% of its total, which is less than 2016's total export volume. However, India's total exports increased by 6.89% in 2022, with shipments to China declining by 28% [35].

The fact that China's imports climbed by just 4.16 percent [36] while India's overall imports increased by 16.79 percent indicates that the US's gradual execution of the Indo-Pacific strategy is having an impact on China-India economic relations. Meanwhile, India's total import volume increased by 16.79% while shipment from China climbed by just 4.16% [36], suggesting that the US Indo-Pacific strategy's gradual implementation has had an impact on China-India's economic relations. China and India have historically benefited from complimentary comparative advantages. China accounts for

around three times India's share of high-tech manufacturing, while India has an advantage in the services trade sector, particularly in outsourcing services. Even according to data from 2022, China's top ten exports to India are primarily high-tech items. However, since 2020, India has tried to surpass China in the production of electronic devices, primarily smartphones, by prioritizing and supporting the development of its own high-tech products, including semiconductors and electronic goods[37]. Simultaneously, India benefits greatly from the Indo-Pacific strategy by receiving high-tech technical support from developed nations. The pressing need to restructure the supply chain and wean ourselves off of China has further curtailed India's requisites for Chinese goods in this domain.

Table 1. India's Total Exports to China (2016-2024, Discontinuous)

Year	Country/Region	Export volume	Proportion%	Unit: USD1 Million
				Growth Rate%
2016-2017	China	10171.89	3.6874	
	India's Total Exports	275852.43		
2017-2018	China	13,333.53	4.3929	31.08
	India's Total Exports	303,526.16		10.03
2018-2019	China	16,752.20	5.0752	25.64
	India's Total Exports	330,078.09		8.75
2021-2022	China	21,259.79	5.0378	
	India's Total Exports	422,004.40		
2022-2023	China	15,306.10	3.3933	-28
	India's Total Exports	451,070.00		6.89
2023.4-2024.1	China	13,482.50	3.813	
	India's Total Exports	353,591.04		

Table 2. India's Total Imports to China (2016-2024, Discontinuous)

Year	Country/Region	Import volume	Proportion%	Unit: USD1 Million
				Growth Rate%
2016-2017	China	61,283.03	15.9443	
	India's Total Imports	384,357.03		
2017-2018	China	76,380.70	16.4055	24.64
	India's Total Imports	465,580.99		21.13
2018-2019	China	70,319.64	13.6788	-7.94
	India's Total Imports	514,078.42		10.42
2021-2022	China	94,570.57	15.4262	
	India's Total Imports	613,052.05		
2022-2023	China	98,505.77	13.7584	4.16
	India's Total Imports	715,968.90		16.79
2023.4-2024.1	China	85,907.64	15.3384	
	India's Total Imports	560,081.42		

[38]

It is clear that the Indo-Pacific strategy has had a gradual and persistent negative impact on both China's and India's economies since it was proposed until it was implemented. Furthermore, the industries that are a part of the economic cooperation between China and India are relatively fixed, and the items that are traded between the two countries go counter to India's own goal of reducing its reliance on a single nation and its specific demand. This has led to the emergence of internal barriers to the growth of economic cooperation between China and India, which is an issue that cannot be avoided for the recovery of the bilateral economy.

4. Challenges of the US Indo-Pacific Strategy for China-India Economic Cooperation

According to the United States Indo-Pacific Strategy Report in 2022, the United States has proposed economic frameworks, including the Asia-Pacific Economic Cooperation Organization, the Group of Seven (G7), and the Indo-Pacific Economic Framework, which are based on investment, promoting innovation, enhancing economic competitiveness, and redesigning the supply chain[39]. Among

them, India's involvement in the Indo-Pacific Economic Framework is concentrated on innovative trade techniques, the digital economy, supply chain challenges, and clean energy[40]. One important project involving technological cooperation is India-US high-tech cooperation. Thus, the impact of the US Indo-Pacific strategy on the current supply chain, traditional trade collaboration, and high-tech trade cooperation between China and India will be carefully examined in this chapter.

Regarding the transformation of the global industrial chain and supply chain, on the one hand, the US has increased the amount of industrial investment in India to make the IPEF more attractive, with the aim of getting India to fully participate in the IPEF and engage in economic competition with China. This gives India more opportunities and space to engage in global industrial chain cooperation, while at the same time creating the necessary conditions for India to get rid of China's supply chain and industrial chain. As a result, the space for industrial chain and supply chain cooperation between China and India has shrunk, and the obstacle to more such cooperation between the two nations has grown. On the other hand, it created conditions for the US to further expand the scope and strengthen the application of friendly offshoring and other Chinese exclusionary industrial chain strategies with the formal implementation of IPEF. These strategies forced IPEF members, including India, to choose between China and US allies and partners, to move parts of their supply chains and industries out of China, or to disengage from China-driven supply networks and industries.

First, it has further narrowed the space for industrial chain and supply chain cooperation between China and India, and increased the risk of decoupling and disconnection of the industrial chain and supply chain between the two countries. Second, the large-scale reconstruction of the industrial chain and supply chain has artificially created a situation of competition between China and India. As a member of the IPEF and its special role in it, India actively took over the industrial chain and supply chain links transferred from China by other members in the IPEF, which inevitably led to more intense or even vicious competition between China and India in the division of the industrial chain and supply chain in the Indo-Pacific region. In short, the de-sinification industrial chain built by the United States and the Chinese-led industrial chain are inevitably competing in the Indo-Pacific region and even globally, and India is bound to enter into broader and deeper economic competition with China.

Traditional trade, the antithesis of digital trade, especially e-commerce, has long been the main means of interaction between countries in terms of trade and commerce, and the US Indo-Pacific strategy has affected traditional trade between China and India by dramatically increasing the number of alternative countries to which China and India can traditionally trade. As the population size of the IPEF participating countries accounts for 60 per cent of the world's total population and their GDP accounts for about 40 per cent of the world's GDP, the traditional trade between China and the IPEF participating countries is huge, and the US exclusion clauses will lead to the substitution or trade diversion effect of the traditional trade between China and the IPEF participating countries. For example, the US has promoted the seizure of China's traditional industrial chain supply chain in Southeast Asia, gradually shifting mobile phones, electronic components, garments and other industrial chains from China to Southeast Asian countries, so that the traditional trade between China and India gradually produces substitutes. At the same time, the Indian government has always been dissatisfied with the imbalance in the trade of goods between China and India, believing that China has obtained a large surplus and gained more interests in China-India trade, which also harms the interests of Indian domestic enterprises. After India joins IPEF, imports from China will gradually shift to imports from IPEF participants, and India's imports from China will decline, reducing the traditional trade cooperation between India and China. Not only will cooperation be reduced, but because imports from China by other IPEF participants will gradually shift to imports from other participants, India will use its labour advantage to capture the market left by the exclusion of China's products in labour-intensive products, which will gradually increase the traditional trade competitiveness between China and India in the international market.

Conventional trade, in contrast to digital trade, particularly e-commerce, has historically served as the primary mode of interaction in trade and commerce between nations. The US Indo-Pacific strategy has significantly impacted traditional trade relations between China and India by expanding the range

of alternative trading partners available to both countries. Given that the combined population of the Indo-Pacific Economic Framework (IPEF) member countries constitutes 60% of the global population and their collective GDP represents approximately 40% of the world's GDP, the scale of traditional trade between China and the IPEF nations is substantial. The exclusionary measures imposed by the US are expected to prompt a substitution or trade diversion effect in the traditional trade dynamics between China and the IPEF countries. For instance, the US has actively encouraged the relocation of China's traditional industrial supply chains to Southeast Asia, leading to a gradual transfer of manufacturing processes for items such as mobile phones, electronic components, and garments from China to Southeast Asian nations. Consequently, this shift is fostering the emergence of alternative trade routes between China and India. Moreover, the Indian government has expressed concerns regarding the trade imbalance with China, alleging that China has garnered a significant surplus and benefited disproportionately from China-India trade, thereby disadvantaging Indian domestic enterprises. With India's accession to the IPEF, there is an anticipated transition from importing goods from China to sourcing products from other IPEF members, resulting in a decline in India's imports from China and a corresponding reduction in traditional trade collaboration between the two nations. In addition to the decrease in cooperation, other IPEF participants' imports from China gradually change to imports from other participants, and India can use its labor advantage to fill the market gap left by China's products in labor-intensive products. It gradually raise China and India's traditional trade competitiveness in the global market.

In high technology, the IPEF aims to strengthen technological containment efforts against China and to erect technological barriers by enhancing high-tech industrial cooperation with allies and partners. India, a key participant in the IPEF and a country with high expectations of the United States, benefits from streamlined and cost-effective cooperation in high-tech sectors with other IPEF members. This enhanced cooperation is expected to limit the scope and intensity of India-China high-tech partnerships and gradually reduce India's dependence on China's high-tech industries. Conversely, the terms of the IPEF agreement may impede China's high-tech engagement with other IPEF participants, potentially leading to a gradual reduction or cessation of China's bilateral high-tech cooperation with these nations. With China excluded from regional high-tech cooperation frameworks, India could seize the opportunity to fill the void left by China, integrate more deeply into the Indo-Pacific high-tech industrial network, and enhance its high-tech competitiveness. Despite having to abide by the exclusionary conditions set by the United States, India is inclined to accept technical assistance from the Indo-Pacific economic framework, which may limit exchanges with China and result in economic setbacks. By working with the United States, however, India can address its own shortcomings in high-tech development. Nevertheless, the majority of China's top 10 exports to India in 2022 were high-tech items[41]. So it was definitely a significant setback for trade between the two countries. For example, First Solar, the largest solar cell manufacturer in the US, invested US\$500 million to build photovoltaic panels in southern India, reducing India's dependence on China in the solar energy sector, even though China has long controlled the global market for solar panels[42]. In addition, the US SIAC, in collaboration with the EU, Japan and Taiwan, dominates and controls every facet of the semiconductor supply chain in the Indo-Pacific region, enhancing India's ability to diversify supply chains and reducing the need for semiconductor trade between India and China by providing alternative sources.

Overall, the US Indo-Pacific strategy has impacted not only the trade and cooperation between China and India in the traditional areas and the high-tech industrie. It has also posed a big confrontation with China's supply chain, the Belt and Road, and the RCEP. China may experience development limits and bottlenecks in the future, so figuring out how to resolve the conundrum is an urgent issue.

5. Conclusion

In general, the US Indo-Pacific strategy has established a common US-Indian stance to contain China and has led to cooperation in the security and political spheres, especially in the economic and trade spheres. It has also served India's development goals and has gradually had a negative impact on the

long-standing economic and trade relationship between China and India. The overall volume of trade between India and China has declined, particularly in key technology industries. Trade cooperation between China and India in industrial and supply chains has broken down. In addition, India's withdrawal from IPEF has significantly reduced traditional trade cooperation between China and India, so that reliance on China's high-tech industries has also been steadily declining.

Although the Indo-Pacific strategy has brought the US and India closer together and promoted cooperation in trade, politics, security and other areas, this has inevitably had an impact on China-India economic relations. However, the divergent interests of the two nations and the benefits of China-India cooperation have created an impenetrable barrier to their cooperation. Notably, India withdrew from the IPEF trade zone in May 2022, citing a lack of visible benefits at present[43].

As far as the divergence of interests between the United States and India, the Indian Ocean is important to the United States, but it has a limited engagement and presence compared to the Pacific. Similarly, the Indian Ocean is of secondary importance to Australia and Japan, while the Pacific is of secondary importance to India. This difference in priorities results in different political interests and resource allocations for each country in the Indian Ocean and Pacific regions, leading to an incomplete overlap between the interest preferences of India and the United States. Despite a common goal and substantial cooperation in containing China, many factors have prevented full alignment, such as differences in equality and respect between the two nations, misperceptions of India's security needs and their incompatible implementation, the contradiction between independence and subordination in diplomacy, and the pursuit of home interests in economic and trade cooperation[44]. India's reluctance to fully embrace the Indo-Pacific strategy stems from concerns about the implementation of US policy, reluctance to join the US alliance system, and conflicts between India's industrial chain transfer strategy and the US vision of re-industrialisation in terms of employment opportunities. Moreover, US market protection measures towards India have faced scrutiny from Congress and the American business community. India's pursuit of economic benefits from the US is driven not only by the potential of emerging industries like high-tech products but also by the need for supportive policies, such as visa facilitation. Consequently, tensions in the economic and trade domain between India and the United States persist, contributing to volatility and unpredictability in India's engagement with and implementation of the Indo-Pacific strategy, which may not entirely align with US policy objectives.

While there are inherent barriers to cooperation between the US and India, the US-China Indo-Pacific strategy has had an impact not only on the volume of trade and economic exchanges, but also on some specific sectors of trade between China and India since its implementation. To some extent, it has achieved the goal of containing China. As the US becomes increasingly hostile to China's trade and economic policies, it may force middle-income countries like India to choose sides, or partially take sides.

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