



From Cooperation to Managed Rivalry: India-China Relations After Galwan and the Future of Asian Regional Order

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ABSTRACT

The Galwan Valley clash in June 2020 was a watershed moment in the bilateral relationship between India and China, transposing their hitherto managed relationship from an agenda of economic interdependence and co-existence to an emerging paradigm of strategic rivalry. While the two nations' trade volume remained high, a breakdown of trust, political goodwill, and defense co-operation has affected the security and foreign policy calculations of both New Delhi and Beijing, thereby affecting the very nature of the Asian regional order. This paper analyses the reconfiguration of India-China relations post-Galwan, and its potential consequences for regional security and order in the context of a changing Indo-Pacific security architecture. Building on theories of strategic rivalry and regional order, this paper examines how border tensions, armed conflict, infrastructure modernization, and strategic alliances have adversely affected Indo-China relations. More specifically, this paper analyses India's strategic policy shift towards greater engagement with Indo-Pacific constructs and multilateral security alliances. Through a qualitative method by analyzing primary and secondary sources such as governmental reports, policy addresses, and the academic literature on the matter, this paper proposes that the India-China relation has embarked on a "managed strategic rivalry" stage where competition is coupled with interdependence and cooperation is unlikely to reign as in the pre-Galwan era. This study aims to contribute to ongoing academic debates in Asian geopolitics by examining how India-China relations are transforming regional power dynamics and shaping the future of the Asian Regional Order.

Keywords: India-China Relations, Galwan, Strategic Rivalry, Indo-Pacific, Regional Order.

INTRODUCTION

To all intents and purposes, since the end of the Cold War, India and China have mainly engaged in one of the most consequential and least understood bilateral relationships in the world, in a setup best described as managed competition. A relationship where an unresolved 3,488-kilometer boundary dispute, deep mutual threat perceptions, and a structural rivalry for a regional primacy in Asia cohabit with increasing trade, the working relationship through diplomatic channels, and a set of confidence-building agreements that were initiated in the 1990s, and which kept the border almost entirely without violent occurrences. That structure in its original sense was definitely shattered or, if not that one, at least, another quite different form has resulted from the night of 15-16 June 2020 when Chinese and Indian soldiers met in an unarmed but violently deadly confrontation in the Galwan Valley of eastern Ladakh, in which at least twenty Indian soldiers died and Chinese personnel a larger and unknown number but reportedly the larger side, (Chatterjee, 2024; Das, 2021). The face-to-face was the first use of fatal force between the two armies since 1975 that led to the breaking up of a tacit understanding of never using a bullet crossing the Line of Actual Control (LAC) that Indian Prime Minister Narendra Modi himself was repeatedly referencing as early as before 2020.

This article raises four closely related questions. First, at different levels, from military to diplomatic to public discourse, how has the Galwan incident affected India-China bilateral relations? Second, why is the post-Galwan situation different from the traditional forms of rivalry between the two countries? Managed strategic rivalry is probably a good label for this case. Third, given the changes in the India-China relationship after Galwan, how did India's strategy towards the Indo-Pacific shift from a relatively safe hedge to a more assertive balance? Fourth, the article seeks to understand the implications of this new situation not only for China-India relations



but also for the broader picture of Asian regional security and the Indo-Pacific security architecture that is being shaped. A fifth methodological question, added in this revision, asks how the magnitude of this shift can be measured rather than merely described, and how distinctive the India–China case is relative to China's other regional rivalries.

The core argument of this article is that the Galwan incident was effectively a political "shock" in the sense of how one usually sees it in rivalry literature. This kind of event is external and disrupts existing beliefs about an adversary's intentions, setting new parameters for future interactions to be evaluated from this perspective. Unlike previous border frictions, such as the 2017 Doklam incident, the Galwan clash produced a fatality and was supported with evidence that the Chinese had a plan. It also caused a significant change for India: allocating more military resources to its northern border, and the change has not been reversed, even though diplomatic disengagement is still ongoing.

Because of this, both countries are in a "stalemated" adversarial state, where the governments primarily seek to prevent the situation from worsening without giving up completely on the structural competition that now determines the nature of their political relationship. The next portion of the article argues against and with previous views, outlines the theoretical setup it operates within, and describes the method in a transparent way, including how measurable indicators were selected and how the comparative cases were chosen. Then, it sequentially shows in detail the evidence of the different historical moments, the Galwan confrontation, post-Galwan changes in India's Indo-Pacific policy, China's strategic reactions, border military build-up, economic ties, and Quad-driven regional security structure, before situating the case comparatively and finally discussing the implications of managed strategic rivalry and regional order in Asia.

LITERATURE REVIEW

Scholarship on the Galwan clash and its aftermath has proliferated rapidly; however, the existing research remains scattered across various disciplines and subject areas. Some works provide a general historical overview and an analysis of the diplomatic dimensions of the situation. In her article, Torri (2022) looks back on the Galwan affair from the broader perspective of India's diplomatic relationship with the US after 2005. She contends that Washington's strategic outreach to India unsettled China and led to a gradual hardening of the Chinese position on the border issue. In contrast, Das (2021) and Tellis (2020) are more chronological in their telling of the 2020 crisis. They note that Chinese transgressions preceded Chinese incursions at various LAC locations that led to the fatal clash and that India's response, including a policy reversal on Chinese investment and technology, reflected an honest reassessment of the threat rather than a rhetorical adjustment. Gokhale (2021), who was a Foreign Secretary of India, argued that the crisis was a Chinese conclusion that India-US closeness had gone beyond a certain point that would require a Chinese response. This interpretation largely agrees with Torri's point of view, despite being written by authors with different positions.

Another research strand is the analysis of Indian foreign and security policy. Hall (2025) illustrates that India's China policy after Galwan was not just the military buildup and the deepening of the Quad partnership, as is often reported, but also included a program of soft balancing within various groupings, such as the Russia-India-China trilateral, BRICS, and the Shanghai Cooperation Organization, where Indian diplomats have skillfully utilized denial, slowing down, and selective exclusion of Chinese propositions without a confrontation. Schottli (2026) also shows that, despite a reduction in the feeling of immediate threat after the 2024 agreements on disengagement, India has maintained a limited form of hard balancing post-Galwan, which, *inter alia*, is manifested in naval capability upgrades and closer cooperation through the Quad military exercises.

Sullivan de Estrada (2023), in contrast, highlights the limits of India's commitment to an alliance, pointing out that New Delhi has strongly rejected efforts to turn the Quad into an official security group and is still dissatisfied with the liberal vision of the Indo-Pacific order that its Western partners attach to such cooperation. This kind of conflict, acting as a hard balancer while, at the same time, not wanting to commit to a security agreement, repeatedly occurs in the literature, and we take it as the characterization of Indian strategy rather than as a contradiction to resolve.



The third strand focuses on economic aspects. Publications by the Observer Research Foundation, CKGSB Knowledge, and the Lowy Institute agree that bilateral trade has continued to expand despite India's restrictions on Chinese investments, the banning of several Chinese digital products, and the imposition of prior-approval requirements on investments from land-border countries (Press Note 3). Many researchers have referred to this trend as 'de-risked interdependence' rather than 'decoupling.' Besides, another group of researchers, including Chatterjee (2024), examined how Indian and Chinese media covered the dispute and noted that the prevailing nationalist discourse at the domestic level has largely limited diplomats' ability to reach a compromise on either side.

A fourth and comparative strand, situated adjacent to but distinct from the India-China literature, examines China's simultaneous rivalries with Japan over the Senkaku/Diaoyu Islands and East China Sea airspace and with Australia through the 2020-2023 diplomatic freeze and trade coercion campaign (Lowy Institute, 2022). This literature has rarely been placed in conversation with the India-China case, even though it offers useful points of contrast on how a rising China manages simultaneous friction with several regional partners.

What is generally not present in this body of work is a deliberate attempt to bring together these different empirical strands military, diplomatic, economic, and discursive in a solid theoretical account about the relationship replacing managed competition, to measure the scale of that change with indicators rather than description alone, to link this account explicitly to the debates about the future of the Indo-Pacific order, and to place it comparatively alongside China's other regional rivalries. This article seeks to fill that gap.

Theoretical Framework

The article is based mainly on four theoretical frameworks, each of which offers a partial yet complementary explanation of the situation between India and China after the Galwan clash. Strategic rivalry theory was mainly developed by Diehl and Goertz (2000) and Colaresi, Rasler, and Thompson (2007). It understands rivalry not as a purely static, structural condition but as a shifting relationship in which states have come to view one another as antagonists and enemies, posing threats to one another, with each interaction a reminder of previous disputes. One of the key messages is that rivalries can change amid political shocks, making one wonder what intentions one's adversary really has. It will also lead you to reassess both the psychological and positional sides of the relationship. A shocking example of this would be the Galwan incident, which turned a territorial rivalry into a full strategic rivalry, based on Colaresi et al., the kind of situation where each party considers the other solely as a military threat.

The second aspect is from the "balance of power" theory. Balancing, in Schweller's definition, is a state's behavior that prevents itself and/or its vital interests from being politically or militarily subjugated by a more powerful actor, either by strengthening its military internally or by aligning externally, as Schottli (2026) puts it. If this theory is applied to India after the Galwan incident, Schottli (2026) would characterize it as restricted hard balancing, a very large and deep investment in army capability and security cooperation via the Quad, but limited in such a way that there is no formal alliance commitment. Using the same structure to shed light on the actions of the Chinese government reveals what the Chinese have been doing in military modernization and in a diplomatic strategy to prevent an anti-China coalition in Asia from becoming too strong.

Finally, this article draws heavily on Regional Security Complex Theory (RSCT), as originally proposed by Buzan, Wæver, and de Wilde (1998) and further developed by Buzan and Wæver (2003). They argue that security dynamics are spatially differentiated into geographically concentrated groups, within which security threats can be communicated more easily over short distances than over long ones, and it is impossible to understand security in one country independent of its neighbors. This article explains the concept of a network in which states are interconnected and security problems can spread from one state to another. South Asia has long been considered a region primarily characterized by the rivalry between India and Pakistan. However, recently, many scholars have highlighted that China's deepening ties with and influence over several South Asian countries, as well as its Belt and Road Initiative, have not only increased their interlocking economic and security mechanisms but have turned Beijing from an external player in the South Asian region into one of its internal actors. This article sees this as an important underlying shift in India-China relations in the post-Galwan context. The role of RSCT in understanding this issue is that rivalry and cooperation between India and China will inevitably affect the



entire region around them, mainly through the Quadrilateral Security Dialogue and other informal forums, in the coming years.

To conclude, neoclassical realism, developed especially by Lobell, Ripsman, and Taliaferro (2009) and even more elaborately by Ripsman, Taliaferro, and Lobell (2016), is the means by which one may arrive at a comprehensive picture of the situation, beyond the purely structural. According to it, leaders' perceptions and state-society relations are among the intervening variables through which systemic pressures shape foreign policy outputs. That is why India's response to the structural development of increased Chinese power has been different from the reactions of other Asian countries: factors such as Indian nationalistic political forces, civil-military relations, and a long-standing doctrine of strategic autonomy determined a combination of hard and soft balancing as well as sustained economic engagement that purely structural realism or liberal interdependence could hardly predict. These four theories are presented not as different explanations but rather as different spectacles, whose joint application is essential to a complete understanding of the post-Galwan relationship.

RESEARCH METHODOLOGY

This article follows a mixed-methods, document-based research design. The core of the analysis remains qualitative because the questions the paper asks about threat perception, discursive shifts, and strategic intent are not fully reducible to numerical measures, and because comparable large-n data on Chinese decision-making are not publicly available. At the same time, this revision directly addresses the concern that the original design provided no way to gauge the magnitude of change in India-China relations. Four measurable indicators are therefore tracked alongside the qualitative material: (i) bilateral trade volume and the trade deficit, drawn from Indian Ministry of Commerce and Chinese customs data; (ii) military expenditure, drawn from the SIPRI Military Expenditure Database and cross-checked against the IISS Military Balance; (iii) the frequency of high-level diplomatic contact (ministerial and special-representative-level meetings) before and after 2020; and (iv) the frequency of Quad-linked minilateral military and diplomatic activity, such as Malabar exercises and leader-level summits. These indicators do not replace the qualitative analysis; they are used to corroborate or qualify claims made from documentary sources and to make explicit where a claim rests on a measurable trend versus an interpretive judgment. Section 8 presents the indicator set in full.

Four main types of sources form the basis of the paper's qualitative empirical analysis. The first consists of government press releases and other official documents, including speeches or statements to Parliament, issued by the Ministry of External Affairs and Ministry of Defense of India, besides China's position through the public statements of its Ministry of Foreign Affairs, supplemented by secondary reporting of official comments, which are attributed to Indian officials only where the primary transcripts come from peer-reviewed or official sources. The second category is opinion pieces and analyses by internationally recognized research organizations, including Carnegie India, the Carnegie Endowment for International Peace, the Observer Research Foundation, the Brookings Institution, the Lowy Institute, the Australian Strategic Policy Institute, and the Heritage Foundation. These works are treated as expert secondary analyses rather than neutral primary evidence and are cited accordingly. The third category comprises journal articles and edited books addressing India-China relations, the Indo-Pacific strategy, and the corresponding international relations theories. The fourth category covers open-source military budget and posture data, principally from SIPRI and the IISS Military Balance.

Sources within each category were selected using three explicit criteria, addressing a gap noted in an earlier review of this manuscript: (1) recency and continued relevance to the 2017-2026 period under study; (2) institutional standing, meaning the issuing body is a government ministry, a peer-reviewed journal, or a research institution with an established, citable publication record; and (3) triangulation, meaning that wherever a claim originates from a single source with a discernible national or institutional viewpoint, at least one source from a differently positioned institution (Indian, Chinese, or third-country) was sought on the same point before the claim was treated as established. Where triangulation was not possible most often because comparable Chinese-language material was unavailable the claim is flagged in the text as resting on a single perspective rather than presented as consensus.

The comparative cases discussed in Section 10 (Japan-China and Australia-China) were selected based on the most-similar-systems logic: both are Indo-Pacific democracies with substantial bilateral trade with China, both



experienced a discrete rupture event after which the relationship hardened, and both are treated in the literature as instances of China simultaneously combining economic engagement with coercive or competitive signaling. The Philippines-China South China Sea dispute is briefly included as a contrasting case because it involves a weaker claimant state and a maritime rather than a land border, which helps clarify what is distinctive about the India-China case rather than assuming it is representative of Chinese behavior generally.

This study spans from the 2017 Doklam standoff to mid-2026, including the October 2024 disengagement agreements and subsequent normalization, with quantitative indicators extended back to 2015, where data permit, to establish a pre-Galwan baseline. The article uses Indian, Chinese, and third-country sources and seeks to cross-check different perspectives. The article acknowledges the limitations of primary Chinese government sources on this topic: very little material is openly available in the public domain, and Chinese authorities tightly control these documents, thereby affecting independent verification of Chinese threat perception and decision-making. This imbalance in the availability of data and sources is treated as a limitation to be disclosed to readers rather than concealed. The partial remedy adopted here is the use of Chinese-language scholarship and statements by Chinese officials at various fora as secondary sources of information, alongside the quantitative indicators, which do not depend on Chinese official disclosure to the same degree as qualitative statements of intent.

Historical Background of India-China Relations

India-China contemporary relations have gone through several phases, each with unique features. The early stage after independence, characterized by the 1954 Panchsheel agreement and the idea of Hindi-Chini bhai-bhai, ended when the traumatic 1962 war broke out between India and China. India's loss left a legacy of strategic mistrust that has shaped India's threat perception ever since. India-China relations were on hold and did not resume substantively until the 1970s and 80s, when a new stage began with Rajiv Gandhi's visit to China in 1988, laying the groundwork to address the unresolved boundary issue separately from the broader relationship. The agreements reached on the India-China border areas, Panchsheel in 1954 and the further agreements of 1993 and 1996, were instruments that institutionalized this separation: the 1993 accord was a pledge by the two armies not to resort to force, and the 1996 accord governed the exchange of information about troop movements near the border.

Managed competition between India and China characterized the subsequent two decades, roughly 2000 to 2020. Two-way trade grew from a few million dollars to over \$130 billion within the first two decades of the new millennium, and, at about the same time, as the boundary issue remained unresolved, various types of standoffs - the most recent before Galwan being Doklam in 2017 - tested the confidence-building setup without breaking it outright. Viewed over this longer 1988-2020 span, the confidence-building architecture absorbed several serious frictions the 1986-87 Sumdorong Chu standoff, repeated transgressions through the 2000s and 2010s, and the ten-week Doklam standoff in 2017 without producing a single fatality on either side, which is itself a measurable feature of the pre-Galwan order and the baseline against which the post-2020 period should be judged, rather than treating 2020 as a self-contained event.

Torri (2022) states that a fundamental structural change occurred in the middle of the 2000s when the United States decided to deepen strategic military ties with India as a means to counter China's growing power. This move made New Delhi cautious about its public support for the relationship, but it continued to invite Chinese investment and grant it market access. This double approach, deepening security arrangements with the US alongside economic cooperation with China, was the clearest representation of managed competition. Each side accepted a degree of competition for regional standing, and the cooperation on each side served as an implicit guarantee that competition would not affect the broader relationship. This was the very balance that the Galwan incident destroyed. The longer historical baseline sketched above shows that what changed after Galwan was not the existence of border friction, which long predates 2020, but its lethality, permanence, and simultaneous bleed into the diplomatic and economic domains - a combination the pre-2020 record does not show.

The Galwan Valley Clash as a Strategic Turning Point

In early May 2020, Chinese forces first interfered with Indian patrols near the Galwan Valley. At the same time, Chinese troops were also trespassing at other locations around the western part of Pangong Lake. Indian officials



described the Chinese activities as an organized plan from the beginning, rather than the result of individual incidents (Das, 2021; Tellis, 2020). Top commanders on both sides met on June 6, 2020, and agreed to respect the existing line, make no unilateral changes, and avoid crossing each other's positions. The agreement lasted only until a nighttime disengagement attempt at Patrolling Point 14 in Galwan escalated into intense hand-to-hand combat, as both sides were restricted from using firearms close to the border by a 1996 agreement that permitted only sidearms. At least 20 Indian servicemen, including the officer commanding the regiment, died in the Galwan clash, and Chinese personnel were believed to have suffered significantly higher casualties, since Beijing did not immediately disclose that information (Chatterjee, 2024).

Galwan is significant not because of its scale, which in inter-state conflict terms is relatively small, but because of its implications for the future. It was made clear in India's communication to Beijing, conveyed by Foreign Minister Jaishankar to his Chinese counterpart, Wang Yi, by phone on June 17, 2020, that China had acted in a manner that violated a long-standing bilateral arrangement. This was the point at which India considered itself free from the understanding on which the earlier arrangements were based, pending the restoration of the pre-crisis status quo (Hall, 2025). This was also the reason why India undertook the most dramatic redirection of military resources to the northern border in decades, sending 50,000 to 60,000 additional troops for year-round border-guarding duty, in contrast to the lighter, seasonal posture characteristic of the pre-2020 period (Hall, 2025). India has not returned to its previous, smaller permanent force on the LAC, even though the diplomatic disengagement of 2021 and 2022 culminated in agreements in October 2024 that restored patrolling rights at some friction points, indicating that the shift to a larger force has been structural rather than tactical.

Confrontation also plays a significant discursive and domestic political role. Cross-media comparisons show that Indian media coverage of the border issue turned toward nationalist rhetoric after Galwan, constraining the political space available to Indian leaders for compromise and negotiation (Chatterjee, 2024). In short, Galwan functioned simultaneously as a military shock, a rupture in diplomatic trust, and a highly politicized domestic event, each of which helps explain why relations did not simply revert to the pre-crisis pattern once immediate tensions eased.

India's Indo-Pacific Strategy After Galwan

Galwan was the decisive push in India's realignment of its Indo-Pacific strategy. The Quadrilateral Security Dialogue, revived in 2017 after years as an afterthought, moved from a forum in which India was cautious reportedly labeled by some American commentators as the group's "weakest link" to one New Delhi embraced fully after 2019, expanding the scope of the Malabar naval drill to include Australia permanently, alongside maritime domain awareness, undersea cable programmes, and the Quad Ports of the Future Partnership announced at the 2024 summit. However, it would be wrong to assume that India's post-Galwan Indo-Pacific strategy is based solely on Quad-driven hard balancing. Hall (2025) presents evidence that, alongside hard balancing through the Quad, India pursues a distinct soft-balancing approach within multilateral structures in which China also participates, including the Russia-India-China trilateral, BRICS, and the Shanghai Cooperation Organization, using tactics of denial, delay, and minimization rather than open confrontation. Schottli (2026) similarly notes that both hard and soft balancing have involved substantial, durable investment in naval capacity and security cooperation with Quad allies that persisted even as the immediate effects of Galwan faded following the 2024 disengagement agreements.

This combination aligns with India's continued commitment to strategic autonomy: New Delhi has consistently resisted proposals, including those from American strategists, to transform the Quad into a formal collective defense alliance (Sullivan de Estrada, 2023). A sign of such resistance at the level of military cooperation has been India's insistence on keeping the expanded Malabar exercise formally outside any Quad institutional structure. A neoclassical realist reading, introduced earlier in this article, helps interpret this pattern: India's domestic dependence on Chinese components and technology for strategic manufacturing, together with a long-standing non-aligned foreign-policy culture, restricts the extent of alignment with the US and its allies, even as the systemic pressure generated by Galwan pushes India toward deeper military collaboration with the Quad. The result is neither full alignment with the Quad nor a retreat to non-alignment, but what Sullivan de Estrada (2023) calls a "low-resolution" embrace of the liberal Indo-Pacific order calibrated to preserve room for independent action while still signaling deterrence toward Beijing.



Border Militarization and Infrastructure Competition

One of the clearest and longest-lasting impacts of the Galwan clash has been the change in the LAC from a lightly protected, seasonally patrolled, disputed boundary to one of the most heavily armed contested boundaries in the world. India's deployment policy has shifted to a permanent, year-round deployment of approximately 50,000 to 60,000 additional troops in eastern Ladakh, accompanied by accelerated Border Roads Organization development of border roads, forward airfields, and logistics support, along with additional armored, artillery, and air-defense forces in the western sector (Hall, 2025). China has pursued an equivalent, longer-running strategy of dual-use facility construction on the Himalayan plateau, including newly built highways, rail links, and "Xiaokang" border villages, which Indian and foreign analysts believe serve both civilian and military purposes, materially enhancing the PLA's capacity to sustain forward bases and rapidly mobilize reinforcements along the LAC (Tellis, 2020).

Both sides have upgraded their overall military capabilities, as evidenced by data from SIPRI and the IISS Military Balance (see Section 8 for specific figures). India's absolute defense budget remains substantially smaller than China's; therefore, India's posture reflects an effort to secure sufficient localized deterrence along the contested border rather than to match China's overall military weight. Infrastructure competition is not confined to the border region: India's own connectivity initiatives, such as the Security and Growth for All in the Region (SAGAR) framework, increasingly overlap with or respond to Chinese-financed projects competing for influence among smaller South Asian and Indian Ocean states. This shows that even though militarization at the border is a localized phenomenon, it carries wider security implications for the regional balance of power, reinforcing the article's claim that Sino-Indian bilateral rivalry is inseparable from its regional environment.

Economic Interdependence Versus Strategic Competition

One of the most striking post-Galwan developments is that India-China bilateral trade continued to grow, even as political relations reached their lowest point in decades. Depending on the accounting period used, bilateral trade in goods reached approximately \$127.7 billion in India's FY 2024-25 (Indian Ministry of Commerce data reported by IBEF, 2025) and has been reported at figures closer to \$136-138 billion using calendar-year Chinese customs data for 2023-2024; the discrepancy reflects differing fiscal-year and calendar-year accounting conventions between the two countries' statistical agencies rather than a substantive disagreement, and both figures point to the same underlying trend of continued, high-volume trade. China has remained India's largest or near-largest single trading partner throughout the period. India has consistently run a large trade deficit with China, reaching approximately \$99.2 billion in FY2024-25 (Embassy of India, Beijing, 2025), driven primarily by India's reliance on Chinese inputs for electronics, active pharmaceutical ingredients, telecom equipment, and renewable energy components.

To manage this asymmetry, India has restricted rather than severed economic ties: Press Note 3 (2020) requires government approval for FDI from countries sharing a land border with India, a measure squarely targeting China; India has banned dozens of Chinese mobile applications and increased scrutiny of Chinese technology investments. China, for its part, sharply curtailed the issuance of business visas to Indian nationals between 2019 and 2024. Simultaneously, this restriction has revealed that parts of India's Production-Linked Incentive manufacturing programs, particularly in photovoltaics and lithium battery chemistry, still depend on Chinese technical personnel for commissioning and installation.

Several scholars describe this pattern as "de-risked interdependence," a middle-ground strategy that permits Indian-majority joint ventures and the import of components while largely excluding wholly Chinese-owned subsidiaries and sensitive data platforms. Following the October 2024 Kazan summit, India began a partial normalization, and a 2026 Press Note further relaxed the investment regime in a phased manner, permitting automatic-route minority investment from non-land-bordering entities with limited passive Chinese beneficial ownership, while retaining a screening mechanism focused on beneficial-ownership disclosure. This recalibration is consistent with India's own 2023-24 Economic Survey, which argued that closer integration with Chinese supply chains could help Indian manufacturing compete more effectively globally, a position that sits in evident tension with the security-driven logic that has otherwise dominated India's China policy since Galwan.



Classical liberal-interdependence theory suggests that deeper trade integration raises the mutual costs of conflict and should therefore make conflict less likely; the restraint both sides displayed during and after the 2020 crisis, neither escalating further nor severing dialogue entirely, is consistent with an implicit recognition of those costs. However, mutual dependence has not meaningfully reduced competition, border militarization, or diplomatic hostility. Economic interdependence functions here as a buffer against extreme escalation rather than as a solvent for the rivalry itself, a finding consistent with the managed strategic rivalry concept developed later in this article: economic engagement is one of several instruments both states use to manage, rather than resolve, a structural rivalry both now treat as a durable feature of the relationship.

Measuring The Shift: Quantitative Indicators

This section directly responds to the concern that the original analysis described changes in India-China relations without measuring them. Table 1 summarizes four indicators: trade, military expenditure, high-level diplomatic contact, and Quad-linked minilateral activity, comparing an approximate pre-Galwan baseline (2015-2019) with the post-Galwan period (2020-2025). The indicators are not intended as a precise causal test; document-based qualitative sources remain the primary evidentiary base of this article. Rather, they show that the qualitative narrative of continuity in trade alongside rupture in the security and diplomatic domains is corroborated, not contradicted, by measurable trends.

Table 1. Selected indicators of India-China relations, pre- and post-Galwan

Indicator	c.2015-2019 (pre-Galwan baseline)	2020-2025 (post-Galwan)	Source
Bilateral trade in goods (annual, USD)	Rising from roughly \$70bn (2015) to over \$90bn (2019)	Rising further to a record \$127-138bn range by 2023-25, depending on accounting convention	Indian Ministry of Commerce / IBEF, 2025; Embassy of India, Beijing, 2025
India's trade deficit with China (annual, USD)	Roughly \$50-58bn	Widening to approximately \$85-99bn by FY2024-25	Embassy of India, Beijing, 2025
India's military expenditure (annual, USD)	Approximately \$61-72bn (2015-2020), a period of steady single-digit annual growth	Rising to \$86.1bn in 2024, a 42% real increase over 2015, and the world's fifth-largest defense budget	SIPRI Military Expenditure Database (2025). IISS, 2025
China's military expenditure (annual, USD)	Approximately \$145-175bn (2015-2018 range, officially reported)	Rising to an estimated \$314bn in 2024, a 7% year-on-year increase, and the 30th consecutive year of growth	SIPRI Military Expenditure Database, 2025
High-level diplomatic contact (Foreign Minister / Special Representative level meetings)	Regular annual Special Representative talks and periodic ministerial visits, largely uninterrupted	Suspended for extended periods 2020-2021; resumed cautiously from 2022, with a Foreign Secretary-level meeting in Beijing in January 2025 explicitly framed as 'normalization'	Author's compilation from MEA/MOFA press releases; IBEF, 2025



Quad-linked minilateral activity (leader-level summits; Malabar exercise scope)	Quad dormant 2008-2017; Malabar a bilateral/trilateral India-US(-Japan) exercise	Quad leader-level summits have been held annually since 2021; Malabar has been expanded to include Australia permanently since 2020; the Quad Ports of the Future Partnership was launched in 2024	The author's compilation from Quad joint statements
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Two patterns stand out. First, the trade and deficit indicators move in the same direction across the Galwan divide and continue to grow, supporting the qualitative claim that economic interdependence did not rupture in 2020. Second, the military-expenditure, diplomatic-contact, and minilateral-activity indicators show a discontinuity around 2020: diplomatic contact contracted sharply before a cautious recovery, while military spending and Quad-linked activity both accelerated and, in the case of Quad activity, changed in kind rather than only in degree. This divergence between the economic indicator and the security/diplomatic indicators is itself the empirical signature of "managed strategic rivalry" as defined in Section 12: not a uniform deterioration across all domains, but a deliberate decoupling of the economic track from the security and diplomatic tracks.

A caveat is warranted. Precise, consistently defined pre-2020 figures for some indicators, particularly the count of LAC transgression incidents and the frequency of working-mechanism meetings, are not published in a standardized time series by either government, and the figures compiled here draw on multiple secondary compilations that use varying definitions. Where a range rather than a point estimate is given in Table 1, this reflects genuine variation across sources rather than imprecision that could be resolved with further search. This limitation is disclosed here rather than concealed, consistent with the transparency principle set out in the methodology section.

The Quad and Emerging Regional Security Architecture

The Quadrilateral Security Dialogue, comprising Australia, India, Japan, and the United States, began as a relatively informal diplomatic dialogue but has gradually evolved into a platform for operational collaboration spanning maritime domain awareness, undersea cable resilience, critical and emerging technologies, and infrastructure financing, intended as an alternative to China's Belt and Road Initiative. In 2024, the group launched the Quad Ports of the Future Partnership, and in 2025, conducted a joint coastal patrol under the Quad framework. However, doubts persist about the Quad as a treaty-based institution, since its members, in particular India, have consistently denied any intent to form a containment coalition or "Asia NATO," though such terms continue to circulate in regional debates and in Chinese official commentary describing the initiative as directed against Beijing (Smith, 2020). According to Sullivan de Estrada (2023), India's reluctance to sign legally binding agreements reflects a deliberate choice to preserve opportunities for engagement with China and other non-Western partners while continuing to expand substantive cooperation with Quad members.

This combination of deepening operational cooperation with continued institutional informality has significant implications for the Indo-Pacific security landscape. ASEAN member states, wary of being caught between great powers, generally welcome the Quad's infrastructure and economic initiatives while remaining more cautious about its security dimension, preferring inclusive, non-exclusive frameworks such as the East Asia Summit or the ASEAN Regional Forum over bloc-based security arrangements. New Delhi's resistance to a hardened alliance, combined with substantive bilateral and multilateral security cooperation with Quad members and France, positions India as an important mediator between a more confrontational US posture toward China and ASEAN's more conciliatory stance, a role consistent with India's broader ambition to be a leading pole in a multipolar Indo-Pacific rather than a junior partner in a Western-led coalition. The resulting regional security architecture is neither a coherent Cold War-style alliance system nor an ad hoc set of bilateral hedges, but an increasingly dense, overlapping layer of minilateral arrangements, the Quad, India-France-Australia trilateral cooperation, the India-Japan-Australia supply-chain resilience initiative, AUKUS, and various maritime-domain-awareness coalitions situated atop the existing ASEAN-centered multilateral architecture.



Comparative Perspectives: China's Other Indo-Pacific Rivalries

Another limitation identified in the review of this manuscript was its exclusively bilateral focus, which risks implying that the India-China trajectory is either unique or representative of Chinese regional behavior without testing that assumption against other cases. This section briefly situates India-China relations alongside two most similar comparative cases, Japan and Australia, and one contrasting case, the Philippines, selected on the criteria set out in the methodology section.

Japan's rivalry with China over the Senkaku/Diaoyu Islands and the East China Sea Air Defense Identification Zone shares structural features with the India-China case: a long-running, legally unresolved territorial dispute; substantial and continuing bilateral trade despite political friction; and a pattern of Chinese maritime and air incursions that Japanese defense assessments describe as a sustained, deliberate pressure campaign rather than isolated incidents (Ministry of Defense, Japan, Annual Defense of Japan White Papers). Unlike the Galwan clash, however, the Japan-China friction has not produced fatalities. Japan's response has leaned more heavily on alliance reinforcement with the United States than on the mixed hard/soft balancing pattern that characterizes India's approach, a difference plausibly explained, in neoclassical realist terms, by Japan's existing formal alliance commitment, which removes the strategic-autonomy constraint that shapes Indian behavior.

Australia's relationship with China offers a sharper contrast in the economic dimension. Following Canberra's 2020 call for an independent inquiry into the origins of COVID-19 and its exclusion of Huawei from 5G networks, Beijing suspended high-level political contact. It imposed a wide-ranging campaign of informal trade restrictions on Australian barley, wine, coal, and other exports (Lowy Institute, 2022). Unlike the India-China case, where trade continued to grow through the rupture, Australia's trade with China in the affected sectors contracted sharply before a negotiated, sector-by-sector normalization between 2023 and 2024 following the November 2022 Albanese-Xi meeting. This contrast is instructive: it indicates that China's willingness to weaponize trade access is not a fixed feature of its rivalry behavior but appears calibrated to the target's economic leverage and alternative-market options India's status as a large, growing import market for Chinese goods and its position as a supplier of relatively substitutable raw materials—likely reduced Beijing's incentive to apply comparable trade coercion, whereas Australia's concentrated exposure in a small number of commodity sectors made coercion more attractive to Beijing.

The Philippines' South China Sea dispute with China is included as a contrasting rather than a most-similar case because the underlying power asymmetry is far starker and the dispute is maritime rather than a land border dispute. Repeated confrontations around Second Thomas Shoal and Scarborough Shoal, documented extensively by regional trackers of the dispute, illustrate a pattern of sustained low-intensity coercion against a claimant with limited capacity to impose reciprocal costs on China, a pattern absent from the India-China case, where India possesses sufficient conventional military capacity to make unilateral escalation costly for Beijing. This contrast helps clarify that India's post-Galwan trajectory, of hardened deterrence combined with continued economic engagement and resistance to a binding alliance, is closer to Japan's pattern than to the Philippines', even though India's border dispute, like the Philippines', involves an active territorial claim rather than only a maritime rights dispute.

Taken together, these comparative cases suggest that "managed strategic rivalry" is not unique to the India-China dyad but is one point on a spectrum of Chinese regional-rivalry management that runs from largely uncoercive, alliance-reinforced friction (Japan) through negotiated de-escalation after acute economic coercion (Australia) to sustained low-intensity coercion against a weaker claimant (the Philippines). India's position on this spectrum, high economic interdependence maintained through the rupture, hardened but calibrated military deterrence, and resistance to formal alliance commitment, is distinctive chiefly in combining features that, in the other cases, tend to appear separately.

MANAGED STRATEGIC RIVALRY: DISCUSSION

The empirical material above, now reinforced by the quantitative indicators in Section 8 and the comparative material in Section 10, supports this article's main theoretical proposition. The state of India-China relations after Galwan is not the kind of rivalry one might expect between adversaries who have decided to compete in a



controlled fashion, nor one that has escalated to the threshold of war. Rather, it represents a distinct configuration described here as managed strategic rivalry, with three defining characteristics. First, regarding threat perception, both countries have come to see each other not only as economic competitors but as military threats to be countered by their own means, consistent with Colaresi, Rasler, and Thompson's (2007) account of how political shocks can transform a position-based rivalry into one with a more explicitly security-driven character. Second, at the level of policy, both sides' sustained actions, India's continued troop deployment and Quad alignment, China's border and periphery-diplomacy activity, indicate an enduring competitive posture rather than a temporary problem awaiting diplomatic resolution, a conclusion the trade, military-expenditure, and diplomatic-contact indicators in Table 1 corroborate rather than merely illustrate. Third, and most notably, each state has invested considerable diplomatic effort in preventing the competition from escalating into open conflict, keeping communication channels intact even through the coldest periods.

This concept differs from Bhowmick's (2025) narrower use of "managed rivalry" in Indian trade policy, since this paper treats the term as spanning military, diplomatic, and institutional dimensions simultaneously. It also differs from the realist notion of a "Cold Peace," since even in the absence of armed confrontation, there remains substantial and continuing military mobilization and border-infrastructure competition on both sides, as the quantitative indicators in Section 8 make explicit rather than merely implicit. The comparative material in Section 10 adds a further qualification: managed strategic rivalry, as it operates between India and China, is not simply the default mode of Chinese regional behavior but one outcome among several that Beijing appears to calibrate to each partner's economic leverage, alliance status, and relative military capacity.

Neoclassical realism explains the emergence of this state of affairs: the balancing of conflict-escalation risk against domestic political and economic constraints on both sides India's continued dependence on Chinese inputs and its strategic culture of self-reliance, and China's preoccupation with Taiwan and the South China Sea and its interest in preventing a unified anti-China coalition, together explain why both nations have managed, rather than resolved, their differences. Regional Security Complex Theory offers a further perspective on the spillover effects of this bilateral balance. As South Asia and the wider Indo-Pacific become increasingly interlocked security complexes through the Belt and Road Initiative on one side and the Quad and related minilateral arrangements on the other, the India-China rivalry actively shapes third-country alignment decisions across the region, reinforcing this paper's core claim that the India-China relationship is a primary rather than incidental factor in the emerging Indo-Pacific order.

Implications For The Future Asian Regional Order

Managed strategic competition between India and China at the strategic level has three main implications for the future regional order in Asia.

First, the quantitative divergence documented in Section 8, alongside continued economic integration and hardened security competition, suggests that the future Asian regional order is unlikely to be cleanly organized around either a purely economic logic of interdependence or a purely security-driven logic of bloc formation. States will likely need to manage both tracks simultaneously, as India has done, rather than treating deepening trade as a guarantee against strategic competition or as necessarily incompatible with continued trade.

Second, the shift in India's role in the Indo-Pacific is not only qualitative but also opens a genuine possibility for India to exercise a leading regional role independent of the United States, while resisting full alignment with a more confrontational American posture toward China. This provides practical evidence for a route to a multipolar order distinct from bipolar US-China competition, one in which India's calibrated balancing act, of the kind mapped comparatively in Section 10, offers a template that smaller Indo-Pacific and South Asian states may find more attainable than either full alignment with Washington or full accommodation of Beijing.

Third, and most importantly for regional stability, the fact that this rivalry is "managed" evidenced by sustained investment in crisis-management mechanisms and continued high-level diplomatic exchange even during the coldest periods documented in Table 1 suggests that the India-China relationship, though one of the most heavily militarized bilateral relationships in the region, is unlikely in the near term to produce either a negotiated resolution of the territorial dispute or open war. This equilibrium can be expected to hold only as long as frontline



discipline, reliable communication channels, and the absence of a fresh political shock comparable to Galwan persist, a reminder that managed strategic rivalry, however stable it may currently appear, is not equivalent to the absence of war risk.

CONCLUSION

This article has argued that the June 2020 Galwan Valley clash changed the dynamics of China-India relations and produced a managed strategic rivalry in which the two sides continue to compete on multiple fronts while working to prevent escalation into full conflict. The paper combined strategic rivalry theory, balance-of-power theory, regional security complex theory, and neoclassical realism to demonstrate that this reshuffling is visible in India's persistent border troop deployments and Quad-linked balancing, in continued infrastructure development and periphery diplomacy on both sides, and in the coexistence of substantial bilateral trade with targeted Indian investment restrictions.

This revision has strengthened the empirical basis of that argument in three ways requested in the review: by adding a set of measurable trade, military-expenditure, and diplomatic-contact indicators that corroborate the qualitative narrative rather than leaving it undemonstrated (Section 8); by extending the historical baseline back to 1954 and treating the pre-1988 rupture and the 1988-2020 confidence-building period as integral to explaining what changed after Galwan, rather than starting the analytical clock in 2020 (Section 4); and by situating the India-China case comparatively alongside China's rivalries with Japan, Australia, and the Philippines, which clarifies what is distinctive about the Indian case rather than assuming it (Section 10).

Several policy implications arise from this study. This paper supports the case for India and China to formally establish more granular crisis management mechanisms between their respective armies, down to the company or battalion level, beyond the existing hotline system. It also supports a public, time-bound Indian economic roadmap for dealing with China that distinguishes sectors where continued reliance on Chinese inputs is acceptable.

At the same time, domestic capacity develops, from sectors, particularly those involving sensitive data or critical infrastructure, where restrictions should continue. Finally, the Quad and its affiliated minilateral groupings are likely best served by continuing functional, non-alliance cooperation, which this analysis suggests is more durable and more attractive to India and ASEAN states, including potential future partners, than a formalized collective-defense structure.

The quantitative indicators introduced here remain a first step rather than a complete solution to the measurement problem identified in the review of the original manuscript. Future research could extend the indicator set to include incident-level LAC transgression counts using a standardized definition, systematic content analysis of Indian and Chinese state media coverage, and a wider comparative set including Vietnam-China and South Korea-China relations, to rigorously test whether the "managed strategic rivalry" pattern identified here for India generalizes across additional cases in China's broader regional relationships.

Conflict of Interest Statement

The author declares no known conflict of interest, financial or otherwise, related to the research and analysis presented in this article.

Data Availability Statement

This article relies on publicly available government documents, institutional reports, and peer-reviewed literature, for which full citations are provided in the reference list, supplemented in this revision by publicly available quantitative datasets: the SIPRI Military Expenditure Database, the IISS Military Balance, and Indian Ministry of Commerce/Chinese customs trade statistics as reported by the Embassy of India, Beijing, and IBEF. The compiled indicator table (Table 1) draws exclusively on these public sources and official joint statements; no original or proprietary dataset was generated during the preparation of this manuscript.



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