

**POST-UKRAINE STRATEGIC
CHALLENGES IN THE
INDO-PACIFIC**

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Executive Summary

1. The Russian invasion of Ukraine poses a series of new strategic questions for American strategies in the Indo-Pacific, particularly in the Taiwan Strait. The reactive American approach to Ukraine of supplying weaponry to attack an invading force will not likely be transferred to Taiwan.
2. The Ukraine situation has also demonstrated American and broader Western willingness to execute strong sanctions, such as ejecting Russia from the SWIFT system, blocking Russian access to international currency reserves and confiscating assets of the Russian regime.
3. The American lesson from the Russia-Ukraine conflict will likely be to further decouple from China to maintain or enhance sanctions as a tool. Ironically, the same lesson will push Beijing to further reduce external dependencies.
4. Beyond weapons provisions and limited joint training, the United States may need to consider more visible deterrence measures in the Taiwan Strait such as NATO's methods in the naval and aerial domains to deter potential Chinese aggression.
5. New Delhi's decision not to align with other Quad members regarding Russian actions will likely reduce its leverage, or even relevance, in future Quad-related strategic discussions or activities.
6. The United States will probably prioritise the AUKUS alliance, while facilitating strategic coordination with Japan and South Korea, and possibly to the formation (formal or informal) of 'AUKUS Plus Plus'. While this could increase synchronisation, the formation of an 'Asian NATO' is doubtful.
7. If Russia were to establish a pro-Moscow government in Kyiv or fully (or even partially) absorbing Ukraine into the Russian Federation, this precedent could enhance risks to disputed land territory on the Sino-Indian border, providing an operational and diplomatic template that could be adapted.

8. These Sino-Indian risks could rise faster than even those across the Taiwan Strait, given China's continuous military build-up near the disputed border. An overland invasion through often sparsely defended territory is tactically and logistically more straightforward for China's People's Liberation Army compared to a considerably more complex and high-risk assault on Taiwan.
9. India's support for Russia may have placed New Delhi in a difficult medium-term position. In a land border conflict with China, the United States would face a decision matrix that could be even more complex than what it faces in Ukraine.
10. In this situation, Washington would be interacting with a more unpredictable partner in New Delhi and attempting to coordinate strategic actions against China that still maintains considerable economic leverage over the American economy.
11. Without a formal alliance structure in place, the United States may opt out and leave India on its own. While the concept of 'multiple Quads for multiple purposes' has been implied in the 2021 Leaders' Statement, current strategic differences with New Delhi over Ukraine are fundamental and thereby likely to render this concept inoperable over the medium term.

POST-UKRAINE STRATEGIC CHALLENGES IN THE INDO-PACIFIC

Ryan CLARKE*

Russian Invasion of Ukraine: 'Blood and Soil' Still Exists in 2022

- 1.1 Russian President Vladimir Putin ordered Russian forces to invade Ukraine on 24 February 2022.¹ However, instead of a swift victory, Russian troops have suffered considerable setbacks, rising casualties, and serious supply chain and logistical problems leading to a protracted conflict.
- 1.2 The United States-led financial sanctions against Russia, including a complete oil import ban, have collapsed the Ruble while also driving a spike in commodity prices from oil to gas to wheat and fertiliser.² The German government has also ceased the Nord Stream 2 pipeline project³ and the United States has sanctioned Russia's two largest financial institutions (Sberbank and VTB Bank) while issuing debt and equity prohibitions against major Russian state-owned and private entities.⁴

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¹ 'Address by the President of the Russian Federation', President of Russia, The Kremlin, 24 February 2022. <http://en.kremlin.ru/events/president/transcripts/67843>, accessed 15 March 2022.

'Transcript of Vladimir Putin's speech announcing 'special military operation' in Ukraine', *Sydney Morning Herald*, 24 February 2022. <https://www.smh.com.au/world/europe/full-transcript-of-vladimir-putin-s-speech-announcing-a-special-military-operation-20220224-p59zhq.html>, accessed 15 March 2022.

Olga Allenova and Elena Geda, 'Блок НАТО разошелся на блокпакеты', *Kommersant*, 7 April 2008. <https://www.kommersant.ru/doc/877224>, accessed 15 March 2022.

² Stephanie Kelly, 'Oil prices fall, continuing downward trend from last week', 14 March 2022. <https://www.reuters.com/business/energy/oil-prices-fall-continuing-downward-trend-last-week-2022-03-13/>, accessed 15 March 2022.

³ 'Statement by President Biden on Nord Stream 2', The White House, 23 February 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/23/statement-by-president-biden-on-nord-stream-2/>, accessed 15 March 2022.

⁴ 'U.S. Treasury Announces Unprecedented & Expansive Sanctions Against Russia, Imposing Swift and Severe Economic Costs', US Department of the Treasury, 24 February 2022. <https://hmtreasury.gov/news/press-releases/jy0608>, accessed 7 April 2022.

- 1.3 The United States has placed wide restrictions on semiconductors, telecommunication, encryption security, lasers, sensors, navigation, avionics and maritime technologies. The European Union on the other hand has imposed several packages of sanctions on Russia, which include a ban on the export of specific refining technologies to Russia from Europe. Countries such as Japan, South Korea, Taiwan, Australia, New Zealand, the United Kingdom and Canada have largely synchronised their sanctions regimes with those of the United States and European Union.⁵
- 1.4 The actions have induced economic hardships in Russia, particularly on the lower and middle-income brackets who have bank accounts and assets denominated mostly (if not entirely) in Rubles. These hardships combined with the general outrage of the Russian invasion of Ukraine have sparked anti-war protests across Russia. However, these protests have been continually suppressed by Russian security forces and do not presently appear to pose a serious risk to the Russian government.⁶
- 1.5 An underestimation of the strength of Ukrainian nationalism and political system, a misinterpretation of Western support for the Ukraine, and an over-estimation of the capabilities of the Russian army led Moscow to conclude that Russia could invade and conquer Ukraine at low cost. However, it has become clear that the Ukrainian armed forces, civilian militias, and international legion fighters are capable of resisting and even pushing back Russian forces.
- 1.6 A basic accounting analysis of the military and economic strength of the NATO Alliance versus Russia shows a massive asymmetry in favour of NATO.⁷ However, these capabilities only exist on paper if there is not a clearly communicated and demonstrated willingness to apply them in direct support of a specific strategic goal,

⁵ 'List of sanctions against Russia after it invaded Ukraine', Al-Jazeera, 3 March 2022. <https://www.aljazeera.com/news/2022/2/25/list-of-sanctions-on-russia-after-invasion>, accessed 7 April 2022.

⁶ 'Hundreds of anti-war protesters arrested across Russia', Al-Jazeera, 13 March 2022. <https://www.aljazeera.com/news/2022/3/13/russia-ukraine-war-protesters-arrested>, accessed 15 March 2022.

⁷ For more in-depth data, please see *The Military Balance 2022*, International Institute for Strategic Studies, Routledge, 2022.

namely the prevention of the invasion of Ukraine. This lesson has implications for the American approach to the Indo-Pacific.

American Indo-Pacific Concept: Emerging Components?

- 2.1 In February 2022, the White House published its ‘Indo-Pacific Strategy of the United States’. The document states that the United States will pursue five objectives in the Indo-Pacific via allies, partners and regional institutions: (i) advance a free and open Indo-Pacific; (ii) build connections within and beyond the region; (iii) drive regional prosperity; (iv) bolster Indo-Pacific security; and (v) build regional resilience to transnational threats.⁸
- 2.2 This document also states that vital American interests and those of Washington’s closest partners require a free and open Indo-Pacific where governments can make their own sovereign choices based on their obligations under international law, and where seas, skies and other shared domains are lawfully governed. This includes American efforts to support open societies and ensure Indo-Pacific governments can make independent political choices free from coercion through investments in democratic institutions, a free press and a vibrant civil society.⁹
- 2.3 Washington aims to deepen its five regional treaty alliances with Australia, Japan, South Korea, the Philippines and Thailand. It will also strengthen relationships with leading regional partners, including India, Indonesia, Malaysia, Mongolia, New Zealand, Singapore, Taiwan, Vietnam and the Pacific Islands. The United States encourages its allies and partners to strengthen ties amongst themselves, particularly Japan and South Korea.¹⁰
- 2.4 Integrated deterrence will remain a key component of the US security strategy in the Indo-Pacific. The United States is seeking to integrate capabilities and operations across warfighting domains, and drive initiatives that reinforce deterrence and

⁸ Indo-Pacific Strategy of the United States, The White House, February 2022. <https://www.whitehouse.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf>, accessed 22 March 2022.

⁹ Ibid.

¹⁰ Ibid.

counter coercion, specifically opposing efforts to alter territorial boundaries or undermine the rights of sovereign nations at sea.¹¹

- 2.5 The Indo-Pacific Strategy document also commits the White House to work with Congress to fund the Pacific Deterrence Initiative and Maritime Security Initiative. Through the AUKUS partnership,¹² the United States is focused on delivering nuclear-powered submarines to the Royal Australian Navy while also enhancing interoperability across cyber, artificial intelligence, quantum technologies and undersea capabilities.¹³
- 2.6 The Indo-Pacific Concept represents a consistent American approach to the region as it has been the result of continuous bi-partisan efforts. The Indo-Pacific Concept is being further augmented by AUKUS and closely coordinated activities with American allies Japan and South Korea.

Current Modalities of Operation in Ukraine: How Transferable to Taiwan Strait?

- 3.1 The American approach to the Russian invasion of the Ukraine has been four-fold:
- actively provide intelligence to support Ukraine, deter Russia from further invasion and persuade the world to oppose the invasion;
 - use diplomatic channels and the United Nations to condemn the Russian invasion;
 - impose wide-ranging sanctions together with partners on the Russian state, its assets and key regime figures; and
 - supply thousands of man-portable weapons systems to Ukraine, including anti-tank weapons such as the Javelin and anti-aircraft weapons like Stinger missiles.
- 3.2 However, Washington has so far abstained from directly engaging with Russian forces in Ukraine and resisted calls from Ukrainian President Volodymyr Zelensky

¹¹ Ibid.

¹² An in-depth discussion of AUKUS can be found in Section 8 of this *Background Brief*.

¹³ Ibid.

to establish a no-fly zone over Ukrainian airspace¹⁴ as this would risk a direct NATO-Russia conflict.

- 3.3 Many elements of this approach closely mirror the American response to the Soviet invasion of Afghanistan from 1979 to 1989. American Stinger missiles were supplied in massive quantities to various Afghan militia fighters via mostly Pakistani supply chains.¹⁵ The use of this weapons system, which was cheap to produce, easy to use and effective against the more expensive Soviet aircraft, posed substantial asymmetric costs on the Soviets. Stingers greatly complicated Soviet air operations, specifically close air support for ground troops against Afghan forces who had superior knowledge of the terrain.¹⁶
- 3.4 While there are considerable parallels in America's approach towards Ukraine, the strategic calculus on the Russian side is now fundamentally different from the Afghan invasion and eventual withdrawal. Neither Leonid Brezhnev nor Mikhail Gorbachev had ever viewed Afghanistan as an inalienable part of Soviet territory. However, Moscow now holds this irredentist view on Ukraine and therefore is unlikely to be as sensitive to American proxy methods.
- 3.5 Indifference to the use of proxy methods is not unique to Moscow. It is a strategic principle that has been observed throughout history. Indirect methods do not tend to affect the decision of a leader (particularly an unelected leader) who believes that they have an inalienable claim to physical territory that is not presently under its control. This principle also likely applies to Beijing's long-standing claim on Taiwan.¹⁷

¹⁴ 'Ukraine President Urges NATO For No-Fly Zone Over His Country', NDTV, 14 March 2022. <https://www.ndtv.com/world-news/ukraine-president-volodymyr-zelensky-urges-nato-for-no-fly-zone-over-his-country-2821027>, accessed 16 March 2022.

¹⁵ Ryan Clarke, *Crime-Terror Nexus in South Asia: States, Security, and Non-State Actors*, Routledge, 2011.

¹⁶ Ibid.

¹⁷ For example, please see Richard Bush, 'What Xi Jinping said about Taiwan at the 19th Party Congress', Brookings Institute, 19 October 2017. <https://www.brookings.edu/blog/order-from-chaos/2017/10/19/what-xi-jinping-said-about-taiwan-at-the-19th-party-congress/>, accessed 17 March 2022.

Chris Buckley and Chris Horton, 'Xi Jinping Warns Taiwan That Unification Is the Goal and Force Is an Option', *New York Times*, 1 January 2019. <https://www.nytimes.com/2019/01/01/world/asia/xi-jinping-taiwan-china.html>, accessed 17 March 2022.

- 3.6 China will also likely draw three lessons from the Russia-Ukraine conflict: (i) seek peaceful unification over a military one given the nature of modern warfare, specifically in population-dense urban settings; (ii) ensure that, if needed, the People's Liberation Army (PLA) is indeed up to the task; and (iii) view it imperative to further reduce its dependence on Western technology and finance in anticipation of sanctions if China attempts to use non-peaceful means against Taiwan.

American Maintenance of Deterrence in the Taiwan Strait Likely Becomes More Visible

- 4.1 On 1 March President Biden sent a delegation of former American defence and security officials to Taipei, including former Chairman of the Joint Chiefs of Staff Mike Mullen, a move which was officially denounced by Beijing as a violation of its sovereignty.¹⁸ Former US Secretary of State Mike Pompeo also visited Taiwan that same week in a personal capacity and met President Tsai and publicly called for the official recognition of Taiwan as an independent country.¹⁹
- 4.2 While the United States changed its official diplomatic recognition of China from Taipei to Beijing in 1979, it has nonetheless sought to supply Taiwan with weapons, training and diplomatic support. The overarching strategic principle has been to maintain a balance of power across the Taiwan Strait to deter either side from initiating a war.
- 4.3 As China has continued to grow in both military and economic terms, this American support is more of a 'porcupine strategy' to actively deter Beijing from launching a physical invasion of Taiwan due to unacceptably high costs involved. The strategic

David Sacks, 'What Xi Jinping's Major Speech Means For Taiwan', Council on Foreign Relations, 6 July 2021. <https://www.cfr.org/blog/what-xi-jinpings-major-speech-means-taiwan>, accessed 17 March 2022.

¹⁸ Ben Blanchard and Yew Lun Tian, 'U.S. delegation arrives in Taiwan as China denounces visit', Reuters, 1 March 2022. <https://www.reuters.com/world/china/china-says-us-attempts-support-taiwan-will-be-futile-2022-03-01/>, accessed 17 March 2022.

¹⁹ Alex Lo, 'Why Pompeo's Taiwan visit was so controversial', *South China Morning Post*, 13 March 2022. <https://www.scmp.com/comment/opinion/article/3170316/why-pompeos-taiwan-visit-was-so-controversial>, accessed 17 March 2022.

logic is to present Taiwan as a porcupine that makes an amphibious landing or ever occupying Taiwan with ground forces impossible.²⁰

- 4.4 In addition to the sale of weapons, the United States also maintains troops in Taiwan (including special operators) under an official training mandate.²¹ While these factors have proved sufficient in deterring overt aggression by either side of the strait, the ultimate adjudication of the Ukraine conflict will have implications for the American approach towards Taiwan.
- 4.5 Unlike Ukraine, the United States has a domestic legal obligation to defend Taiwan if it is attacked.²² In addition, the current American approach to Ukraine of supplying small arms and light weapons post-invasion will not likely suffice on their own in the event of any strategic actions taken by Beijing. The American priority will likely be on preventing any physical landing (beach and/or inland) of Chinese troops in Taiwan. The cost of urban warfare in population-dense Taiwan could be even more severe than what is currently being witnessed in Ukraine.
- 4.6 In order to successfully execute the American goal of deterrence of any Chinese aggression against Taiwan in this new emerging strategic environment, more active and overt measures may be required. NATO actions on the Ukrainian-Polish border provides a potential model of what such actions may resemble. In the Taiwan Strait this could involve increased American naval and air force activity. This template

²⁰ Zeno Leoni, 'Taiwan: how the 'porcupine doctrine' might help deter armed conflict with China', King's College London, 8 October 2021. <https://www.kcl.ac.uk/taiwan-how-the-porcupine-doctrine-might-help-deter-armed-conflict-with-china>, accessed 17 March 2022.

Jack Detsch and Zinya Salfiti, 'The U.S. Is Getting Taiwan Ready to Fight on the Beaches: Biden continues Trump's "porcupine strategy" to harden the island's defences', *Foreign Policy*, 8 November 2021. <https://foreignpolicy.com/2021/11/08/us-taiwan-military-presence-china-biden-porcupine/>, accessed 17 March 2022.

²¹ Keoni Everton, 'Pentagon doubles number of US troops in Taiwan under Biden', Taiwan News, 24 November 2021. <https://www.taiwannews.com.tw/en/news/4355230#:~:text=In%20November%202020%2C%20Taiwan's%20Naval,Taiwan%20in%20over%2040%20years.>, accessed 14 March 2022.

²² H.R.2479 - Taiwan Relations Act, 96th Congress (1979-1980). <https://www.congress.gov/bill/96th-congress/house-bill/2479>, accessed 14 March 2022.

has been utilised on several occasions in NATO countries in Europe during recent periods of heightened tension with Russia.²³

4.7 While the situation in Ukraine remains dynamic and unpredictable, the lessons learnt from the Russian invasion of Ukraine will have regional implications for the Indo-Pacific. Irrespective of the individual preferences of the current American leadership, the shifting structural environment of risks and opportunities has the potential of forcing an upward recalibration of what is required to maintain deterrence in the Taiwan Strait.

India an Unstable Component of the Quad:²⁴ New Risks Potentially Generated on the Disputed Land Border with China

5.1 Despite being an initial enthusiast for the Quad regional grouping of Japan, Australia and the United States, India has continuously refused to condemn the Russian invasion of Ukraine. India not only declined to synchronise its financial sanctions regime, but also is working to finalise an alternative payments system to continue its trade activities with Russia.²⁵

5.2 These recent developments have demonstrated the challenges of Indian involvement in the Quad. India remains a major importer of Russian weapons systems while having a series of territorial disputes, including with China. These disputes remain

²³ Jennifer Svan, 'American military aircraft on the move in Europe amid ongoing Ukraine crisis', *Stars and Stripes*, 10 February 2022. https://www.stripes.com/branches/air_force/2022-02-10/combat-aircraft-on-the-move-in-europe-amid-ongoing-ukraine-crisis-4927813.html, accessed 14 March 2022.

Abraham Mahshie, 'USAF Sends F-35s, B-52s, F-15s to Europe as NATO Ministers Opt for More Deterrence', *Air Force Magazine*, 16 February 2022. <https://www.airforcemag.com/usaf-sends-f-35s-b-52s-to-europe-as-nato-ministers-opt-for-more-deterrence/>, accessed 14 March 2022.

Brian Everstine, 'B-52s Fly Over All NATO Member Nations in One Day', *Air Force Magazine*, 28 August 2020. <https://www.airforcemag.com/b-52s-fly-over-all-nato-member-nations-in-one-day/>, accessed 14 March 2022.

'U.S. strategic bombers conduct flights to Poland, the Netherlands', USAFE-AFAFRICA Public Affairs, 2 April 2019. <https://www.usafe.af.mil/News/Press-Releases/Article/1802652/us-strategic-bombers-conduct-flights-to-poland-the-netherlands/>, accessed 14 March 2022.

²⁴ The Quad refers to a loose strategic partnership between Japan, Australia, the United States and India. For a more in-depth analysis on the Quad, please see Ryan Clarke, 'The Evolving Quad: American Strategy, ASEAN Centrality, and Chinese Responses', *EAI Background Brief*, No. 1614, East Asian Institute, National University of Singapore.

²⁵ Zia Haq, 'India finalising alternative payment system to carry on Russia trade', *Hindustan Times*, 13 March 2022. <https://www.hindustantimes.com/india-news/india-finalising-alternative-payment-system-to-carry-on-russia-trade-101647174800298.html>, accessed 15 March 2022.

undetermined as to whether they are internal Indian security issues or are of broader strategic issues of Quad relevance.²⁶

- 5.3 India's recent actions have put New Delhi in direct opposition to the actions taken by other fellow Quad members, specifically the United States. India's decision to actively diverge from international financial sanctions generates substantial risks, particularly for Indian financial institutions. Indian financial institutions and/or corporations found to have facilitated Russian interests (government or private) involved in the invasion of Ukraine may find themselves in a high-risk and unpredictable international environment.
- 5.4 It is also unclear how India's loyalty to Moscow under current conditions will benefit New Delhi even over the medium-term. Russia's largest export market in Asia for its weapons systems has always been China.²⁷ India presently has roughly 120,000 square kilometres of disputed territory with China and there have been periodic confrontations across the Line of Actual Control (LAC), including the fatal clash in the Galwan Valley in August 2020.²⁸
- 5.5 In the event of a major conflict with China, India would face a material risk of being either deprioritised or embargoed entirely by Russian arms producers in favour of China. Under such a scenario, Indian attempts to re-engage the United States and/or the Quad would not likely yield a sufficient response to rebalance the strategic situation. Recent Indian actions vis-à-vis Russia likely demonstrate that Indian strategic thinking is not yet at the calibre required to serve as a consistent reliable partner to the Quad more broadly, or to the United States in particular.

²⁶ For a more in-depth analysis on the Quad, please see Ryan Clarke, 'The Evolving Quad: American Strategy, ASEAN Centrality, and Chinese Responses'.

²⁷ Paul Schwartz, 'The Changing Nature and Implications of Russian Military Transfers to China', Centre for Strategic and International Studies, June 2021. https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/210621_Schwartz_Russian_Military_Transfers.pdf?47lttXU2w57d.CobDxg1b1nGmtA1tUcU, accessed on 22 March 2022.

²⁸ For a more in-depth analysis of China-India border issues, please see Ryan Clarke, 'China-India Border Conflicts: Geopolitical and Environmental Drivers and New Partnership Modalities', *EAI Background Brief*, No. 1554, East Asian Institute, National University of Singapore.

Chinese Military Build-Up Near the Indian Border: Continuous Escalation

- 6.1 While the situation in the Taiwan Strait is not to be trivialised, the China-India border dispute represents a less structured and therefore more unpredictable and escalatory environment between two nuclear-armed rivals. New Delhi's controversial decisions regarding Russia likely render it difficult for the United States and/or the Quad to coordinate with India to ensure a semblance of strategic stability across the LAC. While Ukraine was not a formal NATO member or formal US ally, Kyiv was still more closely aligned than New Delhi has been.²⁹
- 6.2 In December 2021, the US Department of Defence (DoD) publicly stated concerns over Beijing's continuous military buildup, specifically long-range strategic bombers, near the LAC to warn New Delhi.³⁰ Satellite imagery suggests that in 2019 and 2020 China had completed expansion projects on about 20 helipads or airstrips bordering India.³¹
- 6.3 The DoD also stated that this land-based buildup resembles the strategic pattern of Chinese regional aggression seen elsewhere in the Indo-Pacific region, such as with the Philippines in the maritime domain.³²
- 6.4 Former Indian National Security Adviser Shivshankar Menon has assessed that these decisions must have been made at the highest levels for political and strategic, not just tactical, reasons. He further argues that this makes the dispute harder to

²⁹ Jack Detsch, 'Pentagon Worries About Chinese Buildup Near India: China's new airports and highways near the border have put officials on edge', *Foreign Policy*, 15 December 2021. <https://foreignpolicy.com/2021/12/15/pentagon-india-china-border-buildup/>, accessed 22 March 2022.

³⁰ Ibid.

Military and Security Developments Involving the People's Republic of China 2021, Office of the Secretary of Defense, November 2021. <https://media.defense.gov/2021/Nov/03/2002885874/-1/-1/0/2021-CMPR-FINAL.PDF>, accessed 22 March 2022.

³¹ Shams Irfan and Gerry Shih, 'On volatile border between India and China, a high-altitude military buildup is underway', *Washington Post*, 22 December 2021. <https://www.washingtonpost.com/world/2021/12/22/india-china-border-standoff/>, accessed 22 March 2022.

Military and Security Developments Involving the People's Republic of China 2021, Office of the Secretary of Defence, November 2021. <https://media.defense.gov/2021/Nov/03/2002885874/-1/-1/0/2021-CMPR-FINAL.PDF>, accessed 22 March 2022.

³² Jack Detsch, 'Pentagon Worries About Chinese Buildup Near India: China's new airports and highways near the border have put officials on edge'.

settle as China had shifted from its previous stance of regarding the boundary disagreement as a product of history, with room for negotiation, to an issue of sovereignty, which is sacred and inviolable.³³

- 6.5 Over the course of 2021, the PLA's Western Theatre Command had accelerated the pace of constructing underground facilities to preserve most of its strategic bases and barracks,³⁴ and underground shelters along its borders with India in the Himalayas to protect its troops and weapons over harsh winter conditions.
- 6.6 Chinese experts at a November 2021 seminar organised by State Key Laboratory of Explosion Science and Technology in Beijing stated that these underground facilities were designed for military assets of strategic value, such as an underground command centre, hangars or missile storage.³⁵ In January 2021, CCTV reported that the PLA had established its first strategic observation post at 5,592 metres above sea level on the Doklam Plateau to observe every move by India.³⁶
- 6.7 In 2021, China also completed the high-speed rail project connecting the Tibetan capital Lhasa with Nyingchi, the Tibetan border town close to the Indian state of Arunachal Pradesh. This rail transportation network falls primarily under the responsibility of the PLA's Western Theatre Command.³⁷
- 6.8 Not long after the Lhasa-Nyingchi Railway was opened, it was used to carry new PLA troops from the 52nd and 53rd Light Infantry Brigades to an exercise field. Zhu Weiqun, a senior CCP official formerly in charge of Tibet policy, was quoted as

³³ Shivshankar Menon, 'How India and China Can Keep the Peace', *Foreign Affairs*, 8 December 2021. <https://www.foreignaffairs.com/articles/china/2021-12-08/how-india-and-china-can-keep-peace>, accessed 22 March 2022.

³⁴ Minnie Chan, 'China-India border: building boom in the Himalayas as Beijing shores up troops and weapons for winter', *South China Morning Post*, 30 November 2021. <https://www.scmp.com/news/china/military/article/3157794/china-india-border-building-boom-himalayas-beijing-shores>, accessed 22 March 2022.

³⁵ Minnie Chan, 'China-India border: building boom in the Himalayas as Beijing shores up troops and weapons for winter'.

³⁶ Ibid.

³⁷ 'China building 30 airports in Tibet, Xinjiang for military infra: Report', *Business Standard*, 10 September 2021. https://www.business-standard.com/article/international/china-building-30-airports-in-tibet-xinjiang-for-military-infra-report-121090901303_1.html, accessed 22 March 2022.

saying that, “If a scenario of a crisis happens at the border, the railway can act as a ‘fast track’ for the delivery of strategic materials”.³⁸

- 6.9 New and upgraded air facilities significantly enhance the PLA’s ability to move personnel and equipment in the region via air, which is critical given the challenging terrain of both Xinjiang and Tibet. They also provide the PLA with additional platforms from which to launch airborne surveillance and reconnaissance missions, as well as strikes and counter-strikes in the event of a conflict.³⁹
- 6.10 The airpower build-up taking place on China’s western frontier is occurring on a large scale. Based on an analysis of satellite imagery and other open-source material, it can be determined that 37 airports and heliports within Tibet and Xinjiang have been newly constructed or upgraded since 2017, the same year that China and India had a military face-off on the Doklam Plateau.
- 6.11 At least 22 of these airports and heliports are identifiable as military or dual-use facilities or are expected to be once they are completed. The pace of this activity sped up significantly in 2020 with China beginning the construction of seven new air facilities while initiating upgrades at seven others.⁴⁰
- 6.12 Much of the activity is taking place within Tibet in areas close to China’s disputed border with India. Since 2017, China has initiated upgrades (such as new terminals, hangars, aprons and runways) at all five of Tibet’s existing airports known to house military and civilian dual-use facilities. China is supplementing these with four new airports in Tibet. Three of these (Lhuntse Airport, Ngari-Burang Airport and Shigatse Tingri Airport) are positioned less than 60 kilometres from the China-India border.⁴¹

³⁸ ‘How Is China Expanding its Infrastructure to Project Power Along its Western Borders?’ China Power Project, Centre for Strategic and International Studies, 2022. <https://chinapower.csis.org/china-tibet-xinjiang-border-india-military-airport-heliport/>, accessed 22 March 2022.

Kevin McCauley, ‘Snapshot: China’s Western Theater Command’, *China Brief*, Vol. 17, Issue 1, 13 January 2017.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid.

- 6.13 The new facilities also fill large gaps along the Indian border where there were previously no airports. If PLA Air Force (PLAAF) units are based at these airports, China will gain several new nodes along the border from which to project airpower into India.⁴²
- 6.14 The PLA is also significantly scaling up its ability to conduct helicopter-based operations through the construction of at least seven new heliports in Tibet and the upgrading of one heliport. These heliports, which are operated by PLA Army (PLAA) Aviation units, cover the entire stretch of the LAC, from Rutog county in western Tibet to Nyingchi city in the eastern portion of Tibet.
- 6.15 All but one of these heliports are located less than 40 kilometres from the Indian border. The addition of these heliports stands to significantly enhance PLA operations in the mountainous region since helicopters are capable of manoeuvring in ways that airplanes and ground equipment cannot.⁴³
- 6.16 Many of the new roads and highways being built are connecting major regional hubs to remote areas on China's borders. In western Xinjiang China is constructing at least eight roads stretching from the major G219 national highway towards the China-India LAC. The new roads add to a growing network for enabling easier and quicker movement of people, goods, and military personnel and supplies close to border areas. These roads may play a role in moving PLA forces between cities like Hotan, which is home to a major PLAAF base, into remote parts of disputed areas, such as the Galwan Valley.⁴⁴
- 6.17 In 2021, China completed construction of a new road and tunnel system connecting the eastern Tibetan city of Nyingchi to Medog county, another remote area that sits directly on the China-India border. The new roads and tunnels have shortened the distance from 346 kilometres to 180 kilometres and reduced travel time by eight hours. Nyingchi is home to the dual-use Nyingchi Mainling Airport, a military

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Ibid.

heliport, and the headquarters of the PLA's 52nd and 53rd Combined Light Infantry Brigades.⁴⁵

Lack of Low Cost Russian-Style Economic Sanctions Against China

7.1 During the Soviet period, relations between Moscow and Washington were considerably more limited and confined to specific areas. Unlike present-day China, the USSR did not have:

- hundreds of thousands of students studying in American universities;⁴⁶
- extensive research linkages with leading American institutions in key dual-use technology domains, such as virological engineering, nanotechnology and artificial intelligence;⁴⁷
- extensive investment holdings across the full spectrum of the American economy, from real estate to leading Silicon Valley technology companies;⁴⁸
- American import dependence on a range of critical supply chains outside of Washington's sovereign control, including virtually the entire pharmaceutical value chain;⁴⁹

⁴⁵ Ibid.

⁴⁶ Ryan Clarke and Lam Peng Er, 'Coronavirus Research Networks in China: Origins, International Linkages and Consequences', Centre for Non-Traditional Security Studies, May 2020, Singapore. <https://rsis-ntsasia.org/wp-content/uploads/2021/06/NTS-Asia-Monograph-Coronavirus-Research-in-China-by-Ryan-Clarke-and-Lam-Peng-Er-May2021-1.pdf>, accessed 16 March 2022.

⁴⁷ Ryan Clarke and Lam Peng Er, 'Coronavirus Research Networks in China: Origins, International Linkages and Consequences', Centre for Non-Traditional Security Studies, May 2020, Singapore. <https://rsis-ntsasia.org/wp-content/uploads/2021/06/NTS-Asia-Monograph-Coronavirus-Research-in-China-by-Ryan-Clarke-and-Lam-Peng-Er-May2021-1.pdf>, accessed 16 March 2022.

⁴⁸ Rebecca Fannin, 'How the US-China trade war has starved some Silicon Valley start-ups', CNBC, 1 February 2020. <https://www.cnbc.com/2020/01/31/chinese-venture-capitalists-draw-back-silicon-valley-investments.html>, accessed 16 March 2022.

Elisabeth Braw, 'How China Is Buying Up the West's High-Tech Sector', *Foreign Policy*, 3 December 2020. <https://foreignpolicy.com/2020/12/03/how-china-is-buying-up-the-west-high-tech-sector/>, accessed 16 March 2022.

Ralph Jennings, 'US housing market still 'very appealing' for Chinese buyers, with purchases tipped to surge in 2022', *South China Morning Post*, 18 February 2022. <https://www.scmp.com/economy/china-economy/article/3167395/us-housing-market-still-very-appealing-chinese-buyers>, accessed 16 March 2022.

⁴⁹ Rosemary Gibson and Janardan Singh, *China Rx: Exposing the Risks of America's Dependence on China for Medicine*, Prometheus, 17 April 2018.

'The People's Republic of China: U.S.-China Trade Facts', Office of the United States Trade Representative, Executive Office of the President. <https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>, accessed 16 March 2022.

- billions of dollars of American capital trapped on-shore and unable to be repatriated:⁵⁰ and
- over US\$1 trillion of American debt holdings⁵¹

7.2 While the USSR did not have any of the strategic leverage, neither does Russia. Russia's only form of economic leverage over the United States has been in the form of oil and natural gas exports, which accounted for roughly 8% of American imports 2021.⁵² However, with the recent import ban announced by the White House, this previously limited leverage will be further reduced.⁵³

7.3 Given the more sophisticated and multidimensional approach that China has taken towards economic engagement (and entanglement) with the United States, Washington has a more limited set of economic policy options. In the event of any American decision to impose sanctions against China, there would be immediate costs imposed on American corporations, financial institutions, and even the value of many 401 (k) retirement plans due to their exposure to Chinese equity, bond and debt markets.⁵⁴

⁵⁰ Karen Yeung, 'China 'stuck' as rigid controls on capital outflows becoming harder to peel back', *South China Morning Post*, 26 August 2020. <https://www.scmp.com/economy/china-economy/article/3098814/china-stuck-rigid-controls-capital-outflows-becoming-harder>, accessed 16 March 2022.

⁵¹ Amanda Lee, 'US debt to China: how big is it and why is it important?' *South China Morning Post*, 3 December 2020. <https://www.scmp.com/economy/china-economy/article/3112343/us-debt-china-how-big-it-and-why-it-important>, accessed 16 March 2022.

⁵² Collin Eaton, 'How Much Oil Does the U.S. Import From Russia and Why Did Biden Ban It?' *Wall Street Journal*, 11 March 2022. <https://www.wsj.com/articles/why-does-the-u-s-still-buy-russian-oil-11646151935>, accessed 16 March 2022.

Ariel Cohen, 'The US Bans Russian Energy Imports – Symbolically', *Forbes*, 11 March 2022. <https://www.forbes.com/sites/arielcohen/2022/03/11/the-us-bans-russian-energy-imports--symbolically/?sh=31bd0d2caf0e>, accessed 16 March 2022.

'U.S. Imports from Russia of Crude Oil and Petroleum Products', US Energy Information Administration, 28 February 2022. https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MTTIM_NUS-NRS_1&f=M, accessed 16 March 2022.

⁵³ 'FACT SHEET: United States Bans Imports of Russian Oil, Liquefied Natural Gas, and Coal', The White House, 8 March 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/08/fact-sheet-united-states-bans-imports-of-russian-oil-liquefied-natural-gas-and-coal/>, accessed 16 March 2022.

⁵⁴ 'Hearing on U.S. Investment in China's Capital Markets and Military-Industrial Complex', US-China Economic and Security Review Commission, 19 March 2021. https://www.uscc.gov/sites/default/files/2021-03/March_19_2021_Hearing_Transcript.pdf, accessed 17 March 2022.

David Richardson, 'Steve Bannon's Crusade Against China Could Affect Your Retirement Fund', *Observer*, 26 April 2019.

7.4 The threat of coordinated financial sanctions against Russian interests did not deter Moscow from invading Ukraine. Moscow's longstanding irredentist claims on Ukraine being part of Russia were still prioritised. The Russian leadership also appears to have assigned greater priority to what they perceived to be a lack of American/NATO focus and resolve over the Ukraine issue. While different in detail, a similar strategic principle can likely be applied to Beijing's irredentist claim on Taiwan being an inalienable part of Chinese territory.

AUKUS 'Plus Plus'?: Strategic Synchronisation with Japan and South Korea

8.1 AUKUS is a trilateral security alliance between the United States, United Kingdom and Australia. It focuses fundamentally on deeper integration of security and defence-science, technology, defence industrial bases and supply chains. AUKUS is specifically designed to enable more seamless interoperability between these three countries, specifically in the Indo-Pacific.⁵⁵

8.2 The first initiative under AUKUS is for the United States and United Kingdom to provide nuclear-powered submarines for the Royal Australian Navy with a focus on naval interoperability, synchronised protocols and standards, and mutual benefit. The Australian government has advised that it is committed to adhering to the highest standards for safeguards, transparency, verification, and accountancy measures to ensure the non-proliferation, safety and security of nuclear material and technology.⁵⁶

Demetri Sevastopulo, 'Trump orders federal pension fund not to invest in Chinese stocks', *Financial Times*, 13 May 2020. <https://www.ft.com/content/37ee5097-8ae2-4bc6-9c1f-048a242a4f33>, accessed on 17 March 2022.

Roger Robinson, 'Why and How the U.S. Should Stop Financing China's Bad Actors', *Imprimis*, Vol. 48, No. 10, October 2019.

Alexandra Alper, 'U.S. lawmaker seeks to ban Chinese firms from U.S. capital markets', Reuters, 2 July 2020. <https://www.reuters.com/article/us-usa-china-idUSKBN242704>, accessed 17 March 2022.

⁵⁵ Joint Leaders Statement on AUKUS, The White House, 15 September 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/09/15/joint-leaders-statement-on-aukus/>, accessed 22 March 2022.

Louisa Brooke-Holland, John Curtis and Claire Mills, The AUKUS agreement, House of Commons Library, 11 October 2021. <https://researchbriefings.files.parliament.uk/documents/CBP-9335/CBP-9335.pdf>, accessed 22 March 2022.

⁵⁶ Ibid.

- 8.3 While AUKUS is not explicitly focused on China, shared strategic concerns were the driving force behind its formation. Other security concerns, such as North Korea's nuclear weapons and missile development programmes, are also within scope. However, the set of joint capabilities that are being currently developed are primarily conditioned by security challenges that are perceived to originate from Beijing. This strategic orientation provides opportunities for American-allied Japan and South Korea to play active roles within the AUKUS framework, a type of 'AUKUS Plus Plus'.
- 8.4 Japan has broken from a longstanding policy of ambiguity on the Taiwan issue. Tokyo has clearly articulated its position that armed hostilities in and around Taiwan would be considered major security risks to Japan.⁵⁷ This policy position likely synchronises Japanese strategic actions regarding China with those of AUKUS. When this is overlaid with the longstanding US-Japan Security Alliance, a robust defence architecture can be observed.
- 8.5 The recent election of Yoon Suk-yeol presents an opportunity for South Korea to also coordinate its activities more closely with the AUKUS alliance and, by extension, Japan. One of President Yoon's first move as president was to announce the shifting of the Presidential Office to the Defence Ministry compound.⁵⁸
- 8.6 During Yoon's presidential campaign, he openly discussed acquiring additional Terminal High Altitude Area Defence (THAAD) systems from the United States. South Korea's 2015 THAAD purchases sparked a strong response from China with Beijing taking measures aimed at bilateral trade and tourism.⁵⁹ Yoon's willingness to openly state this position despite the known risks demonstrates the strategic orientation of his administration.

⁵⁷ Defence of Japan, Japanese Ministry of Defence, 2021. https://www.mod.go.jp/en/publ/w_paper/wp2021/DOJ2021_Digest_EN.pdf, accessed 23 March 2022.

⁵⁸ Josh Smith and Minwoo Park, 'South Korea's Yoon says he will move presidential office to defence ministry', Reuters, 20 March 2022. <https://www.reuters.com/world/asia-pacific/skoreas-yoon-says-he-will-move-presidential-office-defence-ministry-2022-03-20/>, accessed 23 March 2022.

⁵⁹ 'South Korea presidential frontrunner seeks to 'reset' China ties with extra THAAD missile system', Channel NewsAsia, 23 February 2022. <https://www.channelnewsasia.com/asia/south-korea-presidential-frontrunner-seeks-reset-china-ties-extra-thaad-missile-system-2514551>, accessed 23 March 2022.

- 8.7 While both South Korea and Japan face security risks emanating out of North Korea, their concerns regarding China are more multi-dimensional and strategic in nature. This again converges with the overall strategic orientation of AUKUS. AUKUS recognises and responds to a range of security challenges in the Indo-Pacific but maintains China as its primary concern.

Net Assessment

- 9.1 The Russian invasion of Ukraine poses a series of new strategic questions for American strategies in the Indo-Pacific, particularly in the Taiwan Strait. The reactive American approach to Ukraine of supplying specific weaponry to attack an overland invading force that has already breached the country's borders will not likely transfer to Taiwan. Even if a Chinese invasion force is eventually repulsed, Taiwan's population density and geographically clustered critical industries would face immense damage.
- 9.2 Given America's evident lack of strategic options in the economic sanction domain against China, Washington appears to be confined to maintaining deterrence and specific advantages in the military domain. Beyond weapons provisions and limited joint training, the United States may need to consider more visible deterrence measures in the Taiwan Strait. This could involve increased American naval and air force activity, a template that has been utilised on several occasions in NATO countries in Europe during recent periods of heightened tension with Russia.
- 9.3 New Delhi's active effort to enable Moscow to circumvent international economic sanctions has demonstrated that the Quad still sits atop an unstable foundation. Any American expectation that India would more closely coordinate, or even synchronise, its strategic activities with other Quad members have been invalidated.
- 9.4 New Delhi's decision to position itself in direct opposition to other Quad members regarding Russian actions will likely reduce its leverage, or even relevance, in future Quad-related strategic discussions or activities. With one of the four fundamental pillars of the Quad proving unstable, the United States may prioritise the AUKUS

alliance while also facilitating strategic synchronisation with Japan and South Korea. This could lead to the formation (formal or informal) of ‘AUKUS Plus Plus’.

- 9.5 If Russia were to prevail in either establishing a pro-Moscow government in Kyiv or fully absorbing Ukraine into the Russian Federation, this precedent could generate enhanced risks to disputed territory on the Sino-Indian border. This risk could also accelerate at a faster rate than even across the Taiwan Strait given China’s continuous military build-up near the LAC. An overland invasion through often sparsely defended territory is tactically and logistically more straightforward for China’s PLA compared to a more complex and high-risk assault on Taiwan.
- 9.6 India’s short-sighted strategic thinking may have placed New Delhi in a difficult medium-term position. In such a land border conflict scenario, the United States would face a decision matrix that could be even more complex than what Washington faces in Ukraine. Washington would be interacting with a more unpredictable partner in New Delhi while attempting to coordinate strategic actions against China, a country that still maintains considerable economic leverage over the domestic American economy.
- 9.7 Without a formal alliance structure in place, the United States may opt out and leave India on its own. While the concept of ‘multiple Quads for multiple purposes’ has been implied in the 2021 Leaders’ Statement,⁶⁰ current strategic differences with New Delhi over the Russia-Ukraine conflict are thereby likely to render this concept inoperable over the medium-term.
- 9.8 The net results of these post-Ukraine developments in the Indo-Pacific will, in all likelihood, enhance strategic ties and increase weapon provision amongst the AUKUS Plus Plus structure combined with a reduction in economic interactions between the United States and China. While the current situation cannot be classified as a Cold War scenario, the associated characteristics have begun to emerge.

⁶⁰ Joint Statement from Quad Leaders, The White House, 24 September 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/09/24/joint-statement-from-quad-leaders/>, accessed 7 April 2022.

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