



Three Dilemmas Facing the Indo-Pacific's Regional Order

By Arzan Tarapore

For decades, an international order delivered security and prosperity to the Indo-Pacific. The order was based on U.S. military hegemony and alliances that preserved the strategic status quo and multilateral cooperation that enabled economic development and growth. That order is now under strain. The COVID-19 pandemic is challenging the order's founding principles, prompting some regional states to limit their interdependency in certain sensitive sectors under the guise of supply chain resilience. The pandemic was not the first challenge to test the order; serious threats began to emerge over a decade ago, with the global financial crisis of 2008, and were sharply exacerbated by China's economic rise and strategic revisionism, which threatens U.S. military and economic primacy and the territorial status quo.

The United States, India, and like-minded middle-power partners from the Indo-Pacific and Europe have struggled to respond effectively. The other contributions in [this series on navigating U.S.-China competition in the Indo-Pacific](#) show how these states have sought to recover from the pandemic while also answering structural threats of revisionism and economic headwinds from decoupling, protectionism and changing integration patterns. Cutting across those specific policy issues are three overarching dilemmas that each state will be forced to resolve when making policy. How policymakers navigate these dilemmas will define the policy settings of their regional strategy.

Working Through Coalitions vs. Seeking Self-Reliance

One of the key advantages that the United States, India, and their partners have over China is a readymade and still-growing architecture of strategic partnerships, which allow members to coordinate policies and possibly pool resources. Originally based on the U.S.-centered alliance system, it has in recent decades expanded with the development of an overlapping network of less formal coalitions and alignments, known as "minilaterals." The standard-bearer of this phenomenon is the Quad comprising Australia, India, Japan, and the United States, although a series of other bilateral and trilateral groupings has flourished. These coalitions offer members flexibility because they do not entail formal commitments and can rapidly adjust agendas and activities—witness the rapid evolution of the Quad during the India-China border crisis—and they do not require the United States or other major powers to convene or lead them.

At the same time, however, regional states have strong incentives to develop the capacity for economic and military self-reliance. Partners may have misaligned policy preferences that complicate coordination on common interests. Alternatively, they may have disputes that inadvertently limit future cooperation. The United States, for example, remains opposed to India's acquisition of S-400 missile systems from Russia; even if the United States does not sanction India, it will still likely deny India access to state-of-the-art technology in the future. Similarly, despite the Biden Administration's effusive embrace of allies and partners, many regional states remain distrustful of American reliability as a partner. Such factors incentivize states to develop economic and military self-reliance to the extent they can. However, most lack the wherewithal to satisfy their national interests independently. Therefore, they must manage the dilemma between maximizing their capacity for action through coalitions, and their freedom of action through self-reliance.

Building Credible Deterrence vs. Avoiding Undue Militarization

Strategic competition in the Indo-Pacific is driven largely by China's military expansion. Increasing competition has inflamed several long-standing territorial disputes that implicate several major and middle

Arzan Tarapore, South Asia research scholar at Stanford University's Asia-Pacific Research Center, and a Senior Nonresident Fellow at the National Bureau of Asian Research, explains that states must resolve three overarching dilemmas as they endeavor to recover from the COVID-19 pandemic and formulate policy responses to China's economic rise and strategic revisionism.

powers, including U.S. treaty allies such as Japan and new partners such as India. Moreover, it creates future risks across the region that may not be readily apparent today. Therefore, many regional states are seeking to develop a credible military deterrent, either to forestall aggression over disputed territory or to counter possible coercion in the future. In the Indian Ocean, for example, India has traditionally relied on its geography and political relations to maintain strategic influence; but facing unprecedented military competition from China, it will have to also rapidly build conventional military capabilities to deter Chinese coercion or wartime advantage.

Nevertheless, strategic competition is not primarily a military struggle. Aside from a small number of specific territorial disputes, which are heavily militarized, regional influence is more likely to be won or lost on economic or diplomatic grounds. Indeed, viewing strategic competition predominantly through a security lens would be counterproductive: military activities are unlikely to win regional influence and may trigger a spiral of escalating tensions. Thus, the Quad's first major joint policy initiative, quite appropriately, centered on delivering COVID-19 vaccines rather than a brash military venture. The dilemma for like-minded partners – endemic in international security but sharpened by China's rapid expansion – is between the imperative to prepare for future strategic risks, and the possibility that those very preparations may elevate those risks .

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Prioritizing Core Interests vs. Maintaining Regional Order

The strains on the international order are prompting states to begin ruthlessly prioritizing the pursuit of their core national interests. In a jarring rebuke to the earlier heyday of globalization, many states now demand, with varying levels of plausibility, more secure or resilient supply chains. Some, such as the United States, India, and Australia, seek to “decouple” from China, to reduce their vulnerability at least in some sensitive sectors. Domestic political currents across the world have rewarded leaders that pledge a nationalist or trade-protectionist turn. India, for example, balked at joining the Regional Comprehensive Economic Partnership trade agreement before launching a new national economic policy of “self-reliance,” even though the policy will likely retard India's post-COVID recovery. Militarily, the United States has clearly identified the western Pacific as its priority theatre, at the expense of other parts of the Indo-Pacific, including the Indian Ocean.

At the same time, acknowledging that strategic competition with China has reached an unprecedented breadth, the U.S. and its partners recognize the importance of buttressing stability and norms across the whole Indo-Pacific. They routinely pledge to uphold freedom of navigation generally, defend smaller states' sovereignty against “gray zone” encroachment, and combat non-traditional threats such as illegal fishing. These issues are peripheral precisely because they do not directly threaten major or middle powers, especially like-minded European partners. Still, in strategic competition over global norms, these issues have added salience and could flare into crises. Thus, states must manage the dilemma of focusing on less-urgent secondary issues today or deferring them until they become unavoidable threats in the future.

Conclusion

How regional states navigate these dilemmas will not be fixed over time, and it will not be uniform across issue areas. Policy settings can and should adjust to evolving circumstances. But these three dilemmas should serve to frame some of the choices—and difficult trade-offs—that the United States and its partners, such as India, will be compelled to make, as they seek to manage strategic competition with China and buttress a fragile international order.

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