



## Balancing the Dragon: India's Strategic Responses to China's Defense Diplomacy in South Asia

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### Abstract

The rise of China in terms of economic and military strength has increased its relative power in the international system. As a result, its interests, which are defined in terms of power, have also changed. China, like any other superpower, is expected to maintain its own sphere of influence, which includes regions of East Asia, Southeast Asia, and South Asia. This changing interest of China and its desire to maintain a sphere of influence in its nearby and strategically important regions comes into conflict with the interests of the existing dominant powers of the region, like India in South Asia and Japan in East Asia, for whom it is imperative to maintain a peaceful and stable neighbourhood for their development and for maintaining their security. China uses several tools, from diplomacy and economic engagement to military assertiveness, to establish its dominance in these regions. China is using its Belt and Road Initiative (BRI) to deepen its ties with India's neighbours, with Bhutan being the only neighbour of India that is not a signatory of this project. These states have a high demand for foreign funds to meet their development needs and to escape the middle-income trap, and hence, they see China as an option for meeting their demands. This region is also the major recipient of Chinese arms. This research paper will focus on how China uses arms diplomacy to gain leverage in India's neighbourhood, its implications for the region's security situation, and how it affects India's security. It also deals with how India is responding to the emerging situation and how it is using its defense exports to tackle the Chinese threat.

Keywords: Arms trade, Security competition, BRI, Military, India, China



### Introduction

The rise of China in terms of economic and military strength has increased its relative power in the international system, reshaping its interests defined by power. China, like any other superpower, is expected to maintain its own sphere of influence, which includes regions of East Asia, Southeast Asia, and South Asia. China's desire to maintain

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a sphere of influence in its nearby and strategically important regions comes into conflict with the interests of the existing dominant powers of the region, like India in South Asia and Japan in East Asia, for whom it is imperative to maintain a peaceful and stable neighbourhood for their development and for maintaining their security (Mastanduno, 2014). In addition to structural variables like the balance of power in the region, it is important to take into account domestic variables like political capacity, elite fragmentation, leaders' perception, and domestic politics when analyzing emerging security situations in South Asia and the foreign policy decisions of these states. South Asia faces complex challenges such as border and water-sharing disputes, colonial legacy, developmental needs, underdeveloped political institutions, and political instability, and these factors affect the foreign policy decisions of these states in varying terms. The Indo-China border is not well demarcated, contributing to tension. India's long history of colonial rule is regarded as a major reason behind its policy of strategic autonomy and non-alignment; similarly, in the case of China, its history of being dominated by superpowers like Japan, Western powers, and Russia, in what it refers to as 'Century of Humiliation', also affects its foreign policy. Smaller regional states in the region, limited by developmental priorities and elite fragmentations, result in these nations not being able to make grand strategies to deal with the emerging security situation and instead resort to hedging.

### **Literature Review**

There is enough research on the emerging security situation in Asia due to the rise of China. Mastanduno (2014) used a classical and neo-classical variant of realism to explain the changing security environment of Asia. He highlights the realist arguments that China will behave like other superpowers and desire a sphere of influence in Asia. It has a high chance of resulting in conflict with other dominant powers like Japan in East Asia and India in South Asia, since these regions already have issues like border disputes, strong nationalistic sentiments, etc. He also addresses the question of whether the US should continue as a great power in the region or withdraw, with the expectation that other states in Asia, like Japan, India, and South Korea, will balance the rising China.

Loc (2023) analyzed the security threats for India from China's economic and military support in South Asia. He states that China is attempting to expand its influence in the region through economic and military support, which he believes is threatening India's sovereignty and security interests. The paper says that Chinese actions are potentially aimed at replacing India's dominance in the Indian Ocean by building ports and building security relations with other nations of the region. He further argues that India is responding to the changing situation by deepening its ties with other powers in the Indo-Pacific, like the US, Australia, and Japan, and thorough regional security arrangements.

Bizinger (2023) argues that China's Arms supply lacks a customer base because of poor quality, resulting in a lack of repeat customers. But, Fiala (2023) says that the rationale behind China's arms exports is different from that of the West, which results in alliances; China's defense exports are coupled with its economic engagements in

foreign countries. Fiala (2023) cites the case of the involvement of China's state-owned enterprises (SOEs) NORINCO and AVIC in civilian infrastructure projects in Iran and Zambia, respectively. Shostak (2022) and Weinbaun (2022) argue that China combines its arms trade with security contractors in its infrastructure and security interests to build up its relationship with countries of strategic interest to it.

Reshetnikova (2023), in her article titled "China's Arms Trade: Trends and Challenges," comments that China does not just aim for economic gains from arms sales but uses them as a tool for achieving foreign policy goals. She points out that the primary reason behind China's arms sales to African nations is their mineral resources and the region's importance in China's BRI project. Raska and Bitzinger (2020) say that the rise of China as a major arms exporter indicates a changing global security environment, and China is using its arms trade for the projection of its power, influence, and position in foreign countries. China sells its arms at discount prices for political gains or to strengthen its position in oil and mineral-rich nations.

The US and China view the region through the lens of great power competition, which can affect the security and stability of South Asia, argues Naseem (2023). Increasing arms sales by two superpowers to India and Pakistan can aggravate the threat perceptions, resulting in an increasing arms race in the region. She opines that India and Pakistan must consider the region's stability while engaging with the superpowers and prioritize their development, security interests, and sovereignty.

Singh and Bhatt (2024) examined India's response to China's increasing presence in the Indian Ocean through Port building, research ships, and surveillance. They say that the response is through multiple activities in the region, including Mission-Based Deployments (MBDs) patrolling the important choke points in the region, setting up of radar stations all along India's coast for surveillance of Chinese naval movements. They also point out the importance of INS Jatayu set up at Kavarati Islands of Lakshadweep, which would foster India's naval deployment capability as well as improve its surveillance in the region.

### **Research Gap**

Although 76% of China's arms exports from 2014-2024 (based on the SIPRI database) are to India's neighborhood, with Pakistan, Bangladesh, and Myanmar being the top recipients, there is not much research on how it affects the security environment of the region, and how India is responding to the changing situation. Additionally, there is a lack of research on the close association between the BRI and the arms trade, and whether China utilises them for political and security gains.

### **Realism and South Asia**

Realism is a school of thought in international relations that explains the behavior of states, their power, interests, and how and why states act in a particular way under certain situations in the international system. Realism is more of a set of theories rather than a particular theory at the same time; it is also considered a guide for actions in international systems (Mastanduno, 2014). Even though there are several variations in different realist theories like Classical realism, Neo-realism, and Neo-classical realism,

all the realist theories are based on some core assumptions – a) the International system is defined by anarchy, there is no overarching sovereign in it, b) States are considered to be the primary actors in International relations and they are also assumed to be rational actors and are driven by self-interests c) An action by a state to increase its security can create wrong perceptions on other state and thus there is the situation of security dilemma in the system. Realists consider states as rational actors driven by self-interest and believe that power is not uniformly distributed among nations, and this relative power of states defines their interests as well.

To understand the security situation of South Asia with the increasing involvement of China, this study relies on Neo-Classical realism because these states have a history of colonial rule, border disputes, underdeveloped political institutions, developmental needs, charismatic authority (Weber, 1922), and elite fragmentation. As a result, domestic factors, including leaders' perception, play an important role in how these states react to or respond to the systemic stimuli. Neoclassical realism is a relatively modern attempt to combine the focus on domestic-level institutions, perception issues, and leadership concerns that classical realists raised with the scientific rigor and causal primacy of the international system that characterized structural realism, or neorealism (Ripsman, 2017). Neoclassical realists start with neorealism and contend that while states shape their foreign and security policies in part by the opportunities and constraints of the international system, unit-level variables such as state-society relations, the nature of their domestic political regimes, strategic culture, and leader perceptions also influence these responses. Neoclassical realists have noted important drawbacks of the neorealist model. For instance, states do not always accurately interpret systemic stimuli, and the international system does not always send out unambiguous signals regarding opportunities and threats (Ripsman, 2017).

### **China and India's neighbourhood**

India's neighbourhood consists of China, Nepal, Bangladesh, Bhutan, Pakistan, and Myanmar, with which it shares land boundaries, and Sri Lanka and the Maldives, with which it shares maritime boundaries. Of these, India, Nepal, Bangladesh, Bhutan, Pakistan, and Sri Lanka, Nepal form South Asia. India is considered a natural hegemon due to its size, population, and economic and military might. India's relationship with these nations is a result of multiple factors, including shared ethnicity, history, culture, and border, as well as water-sharing disputes.

China shares land boundaries with four of India's neighbours: Pakistan, Nepal, Bhutan, and Myanmar. In the past, China's relations with the South Asian region were narrow, with it being limited to Pakistan (Kumar, 2019). Its relationship with Pakistan was driven by both nations' war against India in 1962 (the Indo-China war) and 1965 (the Indo-Pak war). Beijing was also instrumental in Islamabad's nuclear programs and also equipped them with various arms, including ballistic missiles, with Beijing also taking a pro-Pakistan position concerning the Kashmir dispute. However, in the post-2000s, China started to view the region as more strategically important, with several scholars identifying the region as the third most strategically important region after East Asia and Southeast Asia. This can be due to several reasons, including global power politics

and the resulting strategic importance of the Indian Ocean region. Kumar(2019) laid down three reasons that led to China's improved engagement with the South Asian region- first, there is a significant reduction in China's economic growth and it needs new markets; second, the economic growth of China led to uneven development, and it needs a revamping of its economic structure to deliver goals of economic growth to less developed western regions of China which is also home to majority of its minority ethnic communities and also borders several south Asian states. Thirdly, ethnic clashes and instability in neighboring regions can have a spillover effect on China's western border regions, where the majority of its ethnic minority lives, so as a result, a stable neighborhood is also in favor of China. It was as a result of the region's increasing strategic importance that China announced initiatives like BRI, CPEC, and BCIM. All of India's neighbours, except Bhutan, with which China does not have an official diplomatic relationship, are signatories to the BRI project. The Indian Ocean has also turned out to be a strategically important region for China to bypass the narrow Malacca Strait, where the US and its allies have a strategic advantage for its trade and import of oil and natural resources. It was not just connectivity and infrastructure building that were the factors behind this new engagement, but also a security objective of constraining India to its neighborhood to prevent it from projecting its power elsewhere, including Southeast Asia. This involvement of China in South Asia, as noted by several experts, is similar to that of the USSR's engagement with Central and South American countries during the Cold War (Xavier, 2023). South Asia is a region naturally dominated by India, with all smaller states traditionally dependent on it. However, China's new strategy has resulted in increasing competition and rivalry in the region, which has allowed smaller states to hedge. It is to be noted here that many in Washington accept India's domineering position in the region and want it to maintain its stability amid increasing competition from China.

### **China's Arms Trade in South Asia**

#### **Chinese Arms Sales: History and Patterns**

On analyzing the history of arms sales of superpowers, we will see that there is a convergence in the objectives of these states behind arms sales. This is evident if we observe the arms trade pattern of both the US and USSR during the Cold War years, and it was an important tool of foreign policy for both superpowers. Arms sales were used to attain several goals, such as the security and stability of allies, gaining leverage, like setting up naval bases, military bases, and intelligence gathering systems in foreign lands, and for economic gains as well (Gilks & Segall, 1985). In the initial phase, arms transfers by both superpowers were to their alliances under the NATO and WARSAW pact. Still, the situation changed by the 1960s when a large number of African nations rapidly became decolonized, and the arms trade became an area of competition between the superpowers to gain influence in the 'third world.' Arms transfer to developing nations increased with the Vietnam War and in the late 70s with the acquisition by West Asian nations. US transfers were mainly to Latin America and East Asia countries, which were considered necessary in their fight against communism (Gilks & Segall, 1985). On the other hand, the USSR started selling beyond its Warsaw

Pact partners in response to the US policy of containment of communism in Asia. As a result, most of the Soviet transfers were to countries that were on or near the borders of the USSR in Asia, including Egypt, India, Indonesia, etc (Gilks & Segall, 1985).

China's evolution as an arms exporter can be divided into three phases: the Mao era (1949- 78), Deng's era (1980 and 1990s), and the present era (2000-present) (Luo, 2017). In the first phase, the transfer of Chinese arms was in the form of gifts and was free; ideological and geopolitical factors were the reasons behind such an approach from Mao's administration. China criticized the arms sales of superpowers and said they were aimed at controlling the recipient nation and seeking hegemony. An analysis of arms transfer data during Mao's phase reveals that China's arms transfers (for free) were aimed at furthering its ideological and geopolitical considerations. Most of the Chinese transfers were to communist nations, revolutionary movements, and nations that were important to Chinese geopolitical interests (e.g., Pakistan). After the Sino-Soviet split of the 1960s, Chinese arms grants were focused on third-world nations and other nations of the soviet bloc to gain an ideological upper hand over the Soviet Union with respect to the socialist world. Arms transfers to Pakistan were politically motivated since Pakistan was important for China for having a check on soviet expansion, as well as on India (Luo, 2017; Bitzinger & Raska, 2020).

Table 1: Top arms suppliers in the world 2021-2023

Rank 2021-2023	Supplier	2021-2023	Share of global arms imports
1	United States	37953	0.43
2	France	9172	0.1
3	Russia	6186	0.07
4	China	5825	0.065
5	Germany	5625	0.063
6	Italy	4803	0.054

Data was compiled using the SIPRI database on arms transfers.

We can observe from the above table that during 2021-2023, they contributed to 6.5% of the total arms imported in the world. The maximum value of Chinese exports was reached during the phase 2011-2015, with export value reaching 7986 million TIV. China's ranking as an arms exporter improved from 6th to 4th during the same period. Also, the number of recipients of Chinese arms saw an increase from 47 (1978-2000) to 90 (2001-2023). Also, during this phase (2001-2023), 57% of total Chinese arms transfers were to South Asia, 13% to Southeast Asia, and 19% to Africa, three areas that are of strategic importance to China. This shows a transformation of Chinese arms export from being done for commercial purposes to being an important tool of Chinese foreign policy. China uses arms transfer to project its influence, power, and position. In 2013, Chinese President Xi Jinping announced an ambitious Belt and Road Initiative aimed at improving trade, tourism, and connectivity; an observation of Chinese arms transfers post-2013 will show a link between Chinese arms exports and

the BRI project. This has to be read with the argument that China's arms transfers and BRI projects are aimed at gaining political leverage in the recipient nation.

## Pakistan

Table 2: China's arms export to Pakistan

Recipient	1994-2003	Percentage	2004-2013	Percentage	2014-2023	Percentage
Pakistan	1843	31%	4033	40%	7881	47%

Data was compiled using the SIPRI database on arms transfers.

Table 2 shows the Pakistani import of Chinese weapons (in million TIV values) over three decades. We can observe that Pakistan's import of arms from China has increased over the decades from arms worth 1843 million TIV from 1994-2003, comprising 31% of overall Chinese arms exports, to 7881 million TIV from 2014-2023, comprising 47% of overall Chinese arms exports. The data shows that Pakistan remains the top market for the Chinese arms market.

Table 3: Top three markets for Chinese arms 1994-2003

Top 3 Markets for Chinese Arms 1994-2003		
Recipient Nation	Arms Imported (In TIV)	Percentage
Pakistan	1843	31%
Iran	1132	19%
Myanmar	966	16%

Data was compiled using the SIPRI database on arms transfers.

Table 4: Top three markets for Chinese Arms 2014-2023

TOP 3 MARKETS FOR CHINESE ARMS 2014-2023		
RECIPIENT NATION	ARMS IMPORTED (IN TIV)	PERCENTAGE
Pakistan	7881	47%
Bangladesh	2111	13%
Myanmar	886	5.30%

Data was compiled using the SIPRI database on arms transfers.

From the above two tables, it is evident that Pakistan's importance in the Chinese arms trade has increased over the years, where the gap in percentage between Pakistan and the second largest recipient, Iran, was 12 % in the decade 1994-2003, and it has widened to 34% in the decade 2014-2023 between Pakistan and Bangladesh.

Now, if we compare it with US arms exports to China, we see that, except for the decade of 2004-2013, which coincided with the US war on terror, the US arms trade with Pakistan has come down to the lowest level in the last decade. This shows the changing alignment of Pakistan, which was a part of both the Central Treaty Organisation (CENTO) and the Southeast Asia Treaty Organisation (SEATO) during the Cold War era.

Table 5: US arms exports to Pakistan

	1994-2003	Percentage	2004-2013	Percentage	2014-2023	Percentage
Us Arms Export to Pak	505	9.00 %	2917	30%	394	4%

Data was compiled using the SIPRI database on arms transfers.

Now, the increasing Chinese arms exports to Pakistan have security, economic, and political implications. It is to be noted that the arms trade is one among the many tools China uses to engage with Pakistan, in addition to trade, connectivity, increasing FDI investments, and Structural reasons, which include the balance of power in South Asia, also contribute to the aforementioned implications. Some of the important Chinese arms imported by Pakistan in the last ten years include twenty-five J-10C FCA aircraft, eighty-six F-17 FGA aircraft, and four Type-054A frigate ships.

### Security Implications

The increasing dependency of Pakistan on China for military modernization due to the lack of economic resources at Pakistan's disposal will have severe ramifications for the security spectrum in the Indian Ocean region. The asymmetrical position of India with respect to Pakistan has always been a security issue for both China and Pakistan. For China, to improve its sphere of influence and to better its position in the Indo-Pacific, on the backdrop of a rising India and a building strategic partnership between India and the US in the Indo-Pacific. For Pakistan, India has always been the primary security threat, and the security dilemma that exists between these two nations has resulted in an arms and nuclear race in South Asia. Today, India and Pakistan are two of the top arms importers in the world. Balance of power in South Asia brought Pakistan and China together in the 1960s in the wake of wars with India.

### Economic Implications

Structural reasons aided by the increasing arms trade between the states can also have a spill-over effect on the economic engagement between the two states, since the arms trade also symbolizes a strategic partnership. According to Neo-classical realism, when two states start viewing each other as strategic partners, economic engagement increases, as shown by the economic partnership between NATO nations or between the Soviet Union and its satellite states during the Cold War era. China is Pakistan's largest trading partner as well as the highest source of Foreign Direct Investment (FDI). China and Pakistan signed the Free Trade Agreement in 2006 and updated it in 2009. Due to the poor economic conditions of the state and the inability to raise enough funds through taxation, Pakistan is highly dependent on Chinese FDI for infrastructure development programs, and this dependency is being utilized by China for strategic gains as well. A massive jump in China-Pak economic engagement happened when both nations signed a \$62 billion China-Pakistan Economic Corridor (CPEC) in 2014, a flagship program under China's ambitious Belt and Road Initiative (BRI). It was thought

to be a win-win situation for both countries since it would bring much-needed foreign investment for Pakistan and better connectivity for China to the oil-rich West Asia, mineral-rich Central Asia, and investment-hungry Africa. However, the project is currently facing new challenges due to the political and economic instability in Pakistan, corruption allegations, and low project implementation efficiency.

### Political Implications

Improving strategic relations between the two nations through defense and economic partnership will result in political implications for both nations. Politically, both countries have gained from such an engagement; Pak got moral support from China in the case of Kashmir; it has to be noted that the US, during its long friendly relationship with Pakistan, never supported Pakistan with regard to Kashmir. Since 2018, China has acknowledged Pak's position about Pakistan-Occupied Kashmir (POK), Gilgit-Baltistan, and Shaksagem Valley. Closer association with China is also bringing Pakistan closer to Russia. China also supported and campaigned for Pakistan's entry into groupings like the SCO and the ASEAN regional forum. Also, there is a convergence of views on counter-terrorism when it comes to both nations; Beijing has always stood with Islamabad when state-sponsored terrorism allegations were made against Pakistan; also, China has thwarted India's several attempts by India to declare Masood Azhar, the leader of Pakistan-based Jaish-i-Muhammad, as a terrorist at the UNSC. China also supported Pakistan's position on India's entry into the Nuclear Supplier Group, stating that the new entry should be based on merit and that Pakistan has equal merit as India for membership.

### Bangladesh

Table 6: Chinese Arms Export to Bangladesh

Recipient	1994-2003	Percentage	2004-2013	Percentage	2014-2023	Percentage
Bangladesh	82	1.40%	986	9.70%	2111	13%

Data was compiled using the SIPRI database on arms transfers.

Here, we can observe that the Bangladeshi import of Chinese weapons has drastically increased over the decades from 82 million TIV, constituting 1.40% of overall Chinese exports in the decade 1994-2004, to 2111 million TIV, constituting 13% of overall Chinese arms exports. Bangladesh now ranks 2nd in the Chinese arms export market; this shows the growing importance of the nation in China's strategic interests.

Table 7: Bangladesh arms imports

	1994-2003	2004-2013	2014-2023
Arms Imports from China	82	986	2111
Total Arms Import	922	1340	3029

Percentage Of Arms Imports from China	9%	74%	70%
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Data was compiled using the SIPRI database on arms transfers.

From the above table, it can be observed that the share of Chinese arms in total arms imported from Bangladesh has increased from 9% in the period 1994-2003 to 70% in 2014-2023, reaching a peak of 74% during the period 2004-2013. Both tables indicate an increasing defense partnership between the two nations. The location of Bangladesh in the Bay of Bengal region is of great importance for China in bypassing the Malacca Strait and constraining India. Both nations signed a defense cooperation agreement in 2002, and in 2009, Bangladesh PM Sheik Hasina outlined the army's "Forces Goal 2030" to modernize and develop Bangladeshi defense forces. Due to the high prices of Western arms equipment, Bangladesh was able to find a better arms trade partner in China, which provides arms at lower prices. Bangladesh has brought fighter jets, submarines, tanks, frigates, and other arms from China. 47% percent of Chinese arms supply (in terms of million TIV) in the period 2004-2023 (data compiled from the SIPRI database) to Bangladesh belonged to the naval weapon and ships category. This shows that Bangladesh's maritime security concerns are being dealt with through the Chinese arms supply, and China has already sold two submarines to Bangladesh. A well-equipped navy is of great importance to Bangladesh in protecting its exclusive economic zone, and it was because of its navy that it was able to win its maritime disputes with Myanmar in 2012 and India in 2014. Due to the Rohingya crisis, Bangladesh also requires a well-equipped army on the Bangla-Myanmar border to tackle the crisis. Since much of the Bangladeshi army was repatriated from the Pakistan army and since they were equipped with Chinese arms, there was a demand in the army for Chinese weapons due to their familiarity. Some of the important Chinese arms imported by Bangladesh are

For China, Bangladesh is strategically important for its access to the Indian Ocean. Also, Indian defense experts point out that China attempts to create an arms race in South Asia, which will limit India to its neighborhood. In 2019, China was given access to two Bangladeshi ports, Chittagong and Mongla. China also made an agreement with Bangladesh to modernize the Mongla port, which will improve regional connectivity. China is also pressurizing Bangladesh for the Teesta River restoration project at a time when the Teesta water deal between India and Bangladesh is at an impasse. If agreed upon, the project will bring the dragon closer to India's border with Bangladesh, although India is also involved financially in a part of the project.

## Myanmar

Table 8: Chinese arms export to Myanmar

Recipient	1994-2003	Percentage	2004-2013	Percentage	2014-2023	Percentage
Myanmar	966	16%	865	8.50%	886	5.30%

Data was compiled using the SIPRI database on arms transfers.

The table shows Myanmar's import of Chinese weapons (in million TIV values) over three decades. Here, we can observe that Myanmar has imported a significant number of Chinese arms over the decades, from weapons worth 966 million TIV in the period 1994-2003 to 886 million TIV. Even though Myanmar's share in the overall Chinese arms export has reduced from 16% in the period 1994-2003 to 5.30% in 2014-2023. However, this decline is due to increased arms supply to Pakistan and Bangladesh, and Myanmar remains the fourth-highest recipient of Chinese arms.

Table 9: Myanmar arms import

	1994-2003	2004-2013	2014-2023
Arms Imports from China	966	865	886
Total Arms Import	1390	2199	1869
Percentage Of Arms Imports from China	69%	39%	47%

Data was compiled using the SIPRI database on arms transfers.

47% of Myanmar's overall arms imports are from China; this shows China's importance in Myanmar's defense and arms sector. One of the primary reasons behind this dependency is the Western sanctions imposed on successive military regimes in Myanmar, which caused Myanmar to turn to China and Russia for arms supplies. China, with the aim of getting strategic leverage in the Indo-Pacific as well as among ASEAN nations, makes use of this situation to supply arms and to give development loans to Myanmar.

The arms trade relations between the two nations show Myanmar's importance to China's grand strategy in the Indo-Pacific. For China, it is essential to have peace on its Myanmar borders, and at the same time, the geographical location of Myanmar gives it economic as well as security importance for China. These considerations have resulted in a complex relationship with Myanmar. Politically and strategically, it is in China's interest to have an authoritarian, friendly neighbor rather than a democratic nation with close ties with the West. It is to be noted that the West had good relations with Myanmar during the democratic regime led by the NLD until the Rohingya crisis happened, and the West started imposing sanctions. When the military Junta took over the government in Myanmar, even though China was initially hesitant, it was able to establish ties with the Junta government. According to a 2023 UN report prepared by the UN special rapporteur on Human Rights in Myanmar, arms worth \$1 billion were imported by Myanmar since the Junta took over in 2021, out of which arms worth \$267 million were imported from China and arms worth \$406 million from Russia. The report says Myanmar imports fighter jets, attacking helicopters, advanced missiles, drones, etc., from these nations. This also indicates a growing China-Russia-Myanmar triad in the backdrop of Western sanctions, which can cause serious security ramifications in the Indo-Pacific.

## Sri Lanka and Nepal

Table 10: Chinese arms export to Sri Lanka

RECIPIENT	1994-2003	PERCENTAGE	2004-2013	PERCENTAGE	2014-2023	PERCENTAGE
Sri Lanka	198	3.30%	218	2.20%	66	0.40%

Data was compiled using the SIPRI database on arms transfer.

Here, we can observe that Sri Lanka's share in overall Chinese arms exports has reduced from 3.30% of overall Chinese exports in 1994-2003 to 0.40% during 2013-2024. Overall, the import value of Chinese weapons decreased from 198 million TIV and 218 million TIV between 1994- 2003 and 2004-2013 to 66 million TIV in the past ten years. This is due to the end of the Sri Lankan civil war, which reduced the demand for arms. After the end of the civil war in 2009, Sri Lanka imported Chinese arms worth only 71 million TIV, whereas overall, Sri Lankan imports were worth 319 million TIV, meaning that post-civil war, 20% of Sri Lankan arms imports were met by China.

Table 11: Sri Lanka Arms Imports

	1994-2003	2004-2013	2014-2023
Arms Imports from China	198	218	66
Total Arms Import	1071	439	272
Percentage Of Arms Imports from China	19%	50%	24%

Data was compiled using the SIPRI database on arms transfers.

In the last ten years, 24% of the overall demand for Sri Lankan arms was met by Chinese supply, although China met 50% of the demand for Sri Lankan arms during the period 2004- 2013. It is important to note here that China has slipped from being the top exporter of arms to Sri Lanka to being the third largest exporter, behind its two strategic rivals, the US and India. This shows the rising conflict in the region where the US, India, and China are trying to court small nations in several ways, with arms trade being one among them. Trainer aircraft, Frigates, and light transport aircraft constitute the arms transferred from Beijing to Colombo.

Table 12: Chinese arms export to Nepal

RECIPIENT	1994-2003	PERCENTAGE	2004-2013	PERCENTAGE	2014-2023	PERCENTAGE
Nepal		0	2	0	23	0.001

Data was compiled using the SIPRI database on arms transfer

From the above table, we can see that from being a non-exporter of arms supply to Nepal, China has started supplying even if it is of low value (23 million TIV). We can

see that, being not dependent on China for its arms, Nepal is presently (2014-2023) dependent on China to meet 32% of its defense import needs. China is now the top arms exporter of arms to Nepal, with Russia in second position and India and the US in sixth and seventh positions. India has slipped from being the second largest exporter of arms to Nepal (20%) and has reached its current position (6.3%). This indicates that China is making inroads into India's neighborhood through the arms trade.

### **Concerns of importing states about Chinese arms**

Despite the region being the largest importer of China's arms, recently, these states have expressed their concerns with regard to the quality of Chinese arms. According to a report by Directus, China's arms exports have decreased worldwide in the last few years owing to their low quality and low performance. Most of the countries importing Chinese arms are developing countries with financial constraints; as a result, China's much cheaper arms can find a market in these states. Cindy Zheng, a security analyst at Rand Corporation, observes, "A lack of technological compatibility with the Chinese military equipment can prove particularly expensive." Both Myanmar and Bangladesh had expressed concern over the poor performance of these arms, and even some of the arms that China transferred to these countries have become non-performative within a few years of their delivery, like Chinese jets in the case of Myanmar and tanks in the case of Bangladesh.

### **Implications for India and its Responses**

Large population, vast size, burgeoning economy, and historical and cultural ties with all the other countries of the region naturally furnish India with a domineering position in the region. The region, much known for border disputes and ethnic clashes, was relatively ignored by the superpowers during the Cold War, except for Pakistan, which was a signatory of CENTO and SEATO, military treaties set for the West's project of containment of communism. Post-90s saw a marking shift in geopolitics with the rise of China, resulting in increasing strategic importance of East, Southeast, and South Asia, with the theatre of global power politics shifting from Europe to the Indo-Pacific. The rising engagement of China with countries in India's neighborhood, in the form of defense and economic ties, has resulted in security concerns for India. A similarity can be drawn between China's involvement in South Asia and Soviet involvement in Latin America during the Cold War, which created security concerns for the US (Xavier, 2023). South Asia is strategically the most important region for India, and a peaceful neighborhood lying in its own sphere of influence is also an essential condition for an aspiring hegemon as well.

### **India's Increasing Defence Export**

India's defense exports reached an all-time high of Rs. 23622 crores in the financial year 2024-25. It is a growth of 32.5%, compared to the export value of the previous financial year, and an increase of 56% compared to that of 2019-20. Ministry of Defence, India, in a statement, said that the arms export has grown by 31 times compared to that of the financial year 2013-14. The private sector contributes to 62%

of India's defense exports, and its share has grown significantly over the years. This increase can be attributed to several reasons, including the 'Atmanirbhar- Bharat' and 'Make in India' campaigns, under which defense was seen to be a key sector for the indigenization process, improvement in ease of doing business, and end-to-end digital solution given to industries for improving defense exports (Bishoyi, 2023). Earlier, India was not keen on defense exports to FFCs. However, the situation changed in 2001 when the Vajpayee government opened up the sector for private players and encouraged export to FFCs. Private players have been playing an important role in India's defense exports. The exports further rose under Narendra Modi, with campaigns mentioned earlier pushing towards improving India's defense exports. India currently exports Dhruv Advanced Light Helicopter (DALH) (Bishoyi, 2023), Brahmos missiles, light transport aircraft, maritime patrol aircraft, patrol crafts, protective gear, radars, launchers, armored vehicles, etc.

### **India's engagement with its neighborhood.**

China is making inroads into India's neighborhood through economic, diplomatic, and defense relations, which has resulted in intense competition between both nations. Earlier, India enjoyed a relatively dominant position in the region, and small nations of the region had security concerns with regard to India's dominating position; also, the development needs of these nations required a large Foreign Direct Investment, and they saw China as a solution for both. This resulted in India's changing strategy to ensure its foothold in the region through the 'Neighbourhood First policy to improve the region's digital, physical, and people-to-people connectivity. India tries to improve its relations through economic, defense, and cultural ties, as well as through multilateral engagements and connectivity projects. India is also a provider of a Line of Credit (LOC) to small South Asian countries, and Bhutan, Nepal, Sri Lanka, and Bangladesh are all involved in their developmental projects (Pant, 2014). India is providing grants and loans to these states through EXIM Bank, and the process of providing the loans is much more transparent than BRI loans (Shivamurthy & Pathak, 2024). Bhutan remains the only South Asian country yet to have official diplomatic relations with China and to sign a BRI project other than India. Even though Bhutan, a signatory of the Indo-Bhutan Friendship Treaty 2007, is currently holding talks on border negotiations with China without India's involvement, it is still considered to be in India's sphere of Influence (Grossman, 2023). India 2022 has extended the LOC worth \$14.2 billion for 157 projects in the Maldives, Nepal, Bangladesh, and Sri Lanka; three are major Chinese arms importers, and all are signatories of BRI. All these nations are engaging with China for funds and to balance India; however, in all these nations, the execution of BRI projects is slow, with many projects being stalled. These countries have also learned from each other's experience with China's loans (Samaranayake, 2019), which is one reason why Nepal is asking for funds in the form of aid and not credit, learning from the experience of Sri Lanka. India was also given access to the Chittagong project and is currently involved in connectivity projects to Mongla Port, a Chinese-funded port. In the case of Myanmar, increasing Chinese influence forced India to take a cautious position with regard to Junta rule, and it is involved in

infrastructure and developmental projects in Myanmar. In 2024, India has also decided to take over the operation of Sitwe port, which is part of India's ambitious Kaladan Multi-Model transit transport project connecting Kolkata to Northeast India to bypass the narrow Siliguri corridor. India is also currently in talks with ethnic armed groups and was able to get assurances from them with regard to India's connectivity projects. India's relationship with Myanmar since the 90s has been driven by security and political interests rather than the promotion of democratic values (Banerjee, 2024).

### **India's Engagement with the Western Indian Ocean Region**

This region is strategically important for both India and China; it lies at the center of the sea route to Europe and Asia. The western Indian Ocean is a part of China's maritime Silk Road, and several countries in eastern Africa are signatories to China's BRI. The western Indian Ocean has rich mineral reserves as well. In recent years, the presence of the Chinese Navy (PLA-Navy) has increased. All these Chinese actions are changing the security equations of the region and, as a result, replacing India's dominant position in the Indian Ocean region. The region is strategically important for India since the majority of its trade and commerce happens through the region. As a result, the Indian Navy's presence in the region is gradually increasing. India's engagement with the region is in the form of joint naval exercises, humanitarian assistance, disaster relief operations, capacity building, membership in multilateral forums, defense exports, etc. This region is known for piracy and maritime crimes, but countries of this region lack the capacity to prevent this and, as a result, are dependent on foreign navies for it. In 2019, India conducted a joint naval exercise with the countries of this region. Also, the African Union's induction into the G20 under India's presidency also improved India's reputation in the region. India is developing its own mechanism Security and Growth for All in the Region (SAGAR) doctrine, which emphasize on partnership, capacity building, and a rules-based maritime order, contrasting with China's unilateral assertiveness in the region.

The Quadrilateral Security Dialogue, known as the QUAD, is a strategic group consists the USA, India, Japan, and Australia. The QUAD is designed to promote a free, open, and inclusive Indo-Pacific region. It has evolved into a significant multilateral partnership, emphasizes on both security and economic cooperation through its joint military drill, Maritime and Transnational Security. Additionally, it has initiated "QUAD Ports of the Future Partnership" designed to improve the connectivity and support maritime commerce. Therefore, India is also strategically collaborating with the USA's Indo-Pacific Command (INDO-PACOM) in addressing emerging regional security challenges and to counter China's growing assertiveness in the region. Thus, India-INDO-PACOM envision a strategic collaboration of military and diplomatic engagement in the region to balance the shifting power dynamics in the Indo-Pacific. Being a part QUAD and having partnership like INDO-PACOM India has ensured its valuable resources are responsibly managed. By focusing on the blue economy, New Delhi seek to unlock the full potential of its vast untapped maritime resources, its blue economy initiatives represent a multimodal strategy and landmark projects such as Deep Ocean mission and Sagarmala, which shows the commitment to scientific

research and technological innovation. India is the largest maritime nation in South Asia, that has been promoting sustainable use of maritime resources through regional collaboration like Indian Ocean Rim Association (IORA) and SAGAR. Furthermore, India needs to be more proactive in development assistance, capacity building, and digital infrastructure to strengthen goodwill in South Asia.

## **Conclusion**

This paper tried to examine the implications of China's arms trade in South Asia and to evaluate India's responses to the growing Chinese arms export in its neighborhood. It tried to map the growth of Chinese arms trade in the region and to formulate a theoretical basis to study conceptual complexities associated with security and arms trade. It also tried to establish a link between China's BRI project and arms trade in the region. From 2001-2024, 65% of Chinese arms exports were to India's neighborhood, with arms worth 18073 million TIV, a sharp increase of 30% from 1978-2000. In the last ten years (2014-2024), 47% of Chinese arms exports were received by Pakistan, 13% by Bangladesh, 5.30% by Myanmar, 0.40% by Sri Lanka, and 0.001 by Nepal, and all these nations are part of the Chinese Belt and Road Initiative as well. It is also seen that, except for Sri Lanka, all these nations are dependent on Chinese arms to meet their defense needs since the majority of imported arms in these countries are from China. Arms trade functioning in tandem with economic support through BRI has resulted in China attaining leverage in these countries, like access to and constructing strategically important ports in the Indian Ocean with a possibility of dual use for military and trade purposes, surveillance stations, etc. This includes ports like Chittagong, Hambantota, Gwadar, and Kyaukpyu, a rumored Chinese spy station on Great Coco Island, and diplomatic support for the 'One China One Policy. India also views the increasing presence of China's research ships as a security threat since it is supposedly aimed at bolstering China's anti-submarine tasks in the region. These Chinese actions are threatening India's sovereignty as well as its dominant position in the Indian Ocean, forcing India to concentrate its resources on the security of the region and limiting its power projection elsewhere in the world.

The study also shows that the countries in the neighborhood, except Pakistan, are not moving towards a complete alignment with China; they are still engaging with India for various infrastructure and connectivity projects as well as for arms supply. India has also given operational rights of Sitwe Port in Myanmar and Mattala Rajapaksa International Airport in Hambantota (with Russia) in Sri Lanka.

India's response to China is multi-dimensional. Its response is mainly through building strategic relations with countries in three regions – South East Asia, South Asia, and the western Indian Ocean region. China's rising arms exports also catalyzed India's defense indigenization process and led to a rapid increase in India's defense exports. India currently exports arms to Southeast Asia, South Asia, and Africa. The sale of Brahmos missiles to the Philippines was the highest defense export deal that India signed, and such a trade with a country in the South China Sea indicates India's strategy of using defense export to build a strategic alliance in the region in response to China's assertiveness in South Asia. India is also looking for more buyers for its defense

equipment in the region, like Vietnam. If India's approach in South-East Asia is through arms trade, joint exercises, and economic engagement, in South Asia, it is mainly through developmental activities and as a first responder in case of economic crisis and natural disasters. India provides grants and credits through EXIM Bank, and its process of allotting grants or aid is more transparent than that of China, which had instigated a debt crisis in several states. Also, stagnation of BRI projects has caused these South Asian states to look beyond China. India is also open to extra-regional powers engaging with the region, like the US involved in electricity transmission projects in Nepal under the Millennium Challenge Corporation and Japan involved in developing Matarbari port in Bangladesh. It is also involved in the arms trade and joint exercises in South Asia and uses various regional groupings to engage with the countries of the region, like BIMSTEC, BBIN, etc.

Another area where India is enhancing its engagement is the western Indian Ocean region, a region that is of vital importance for India in maintaining its dominant position in the Indian Ocean. To tackle the Chinese challenge, India is increasing its strategic relations with the region through Joint naval exercises, defence exports, humanitarian assistance, disaster relief measures, and also through anti-piracy operations in the region. India needs to develop a comprehensive policy that can systematically assess the long-term strategic implications of China's integrated approach to arms and economic statecraft in South Asia. Another Domain where India needs to invest is defence indigenization and develop collaboration with neighboring states; these initiatives would be valuable in the great power competition in the Indian Ocean Region.

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