



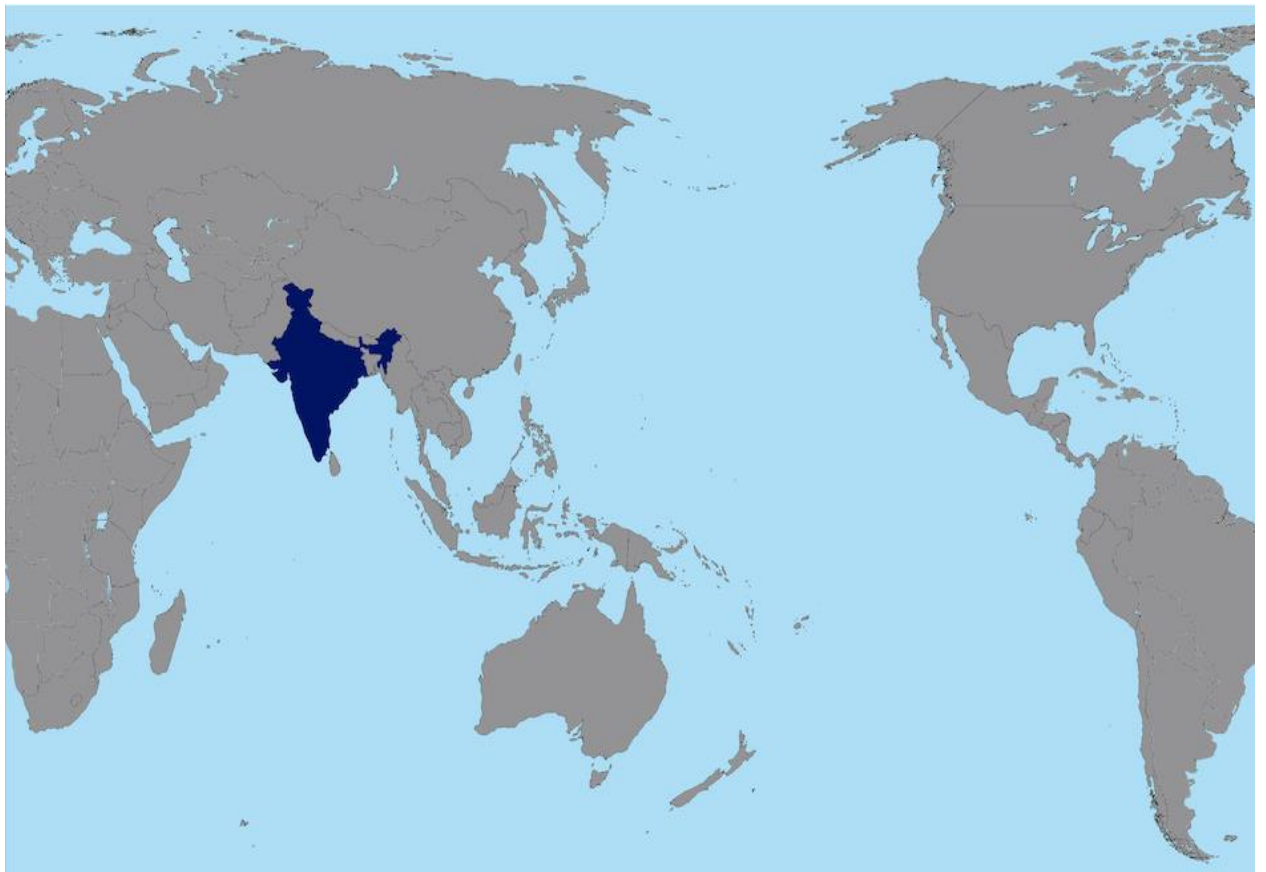
# Delhi Policy Group

Advancing India's Rise as a Leading Power



## DPG INDO-PACIFIC MONITOR

MAY 2021



Volume II, Issue 5 | May 2021

Delhi Policy Group

Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003

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Founded in 1994, the Delhi Policy Group (DPG) is among India's oldest think tanks with its primary focus on strategic and international issues of critical national interest. DPG is a non-partisan institution and is independently funded by a non-profit Trust. Over past decades, DPG has established itself in both domestic and international circles and is widely recognised today among the top security think tanks of India and of Asia's major powers.

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### DPG INDO-PACIFIC MONITOR

This publication is a monthly analytical survey of developments and policy trends that impact India's interests and define its challenges across the extended Indo-Pacific maritime space, which has become the primary theatre of global geopolitical contestation. It is authored by Cmde. Lalit Kapur (Retd.), DPG Senior Fellow for Maritime Strategy, based on open source reports and publications. Your comments and feedback may be send at [lalit@dpg.org.in](mailto:lalit@dpg.org.in). To subscribe, please [click here](#).

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Contents

Abstract .....	1
The India – U.K. Summit .....	2
India EU Leaders’ Meeting .....	4
The US - ROK Summit.....	6
Visit of External Affairs Minister Dr. S. Jaishankar to USA .....	9
Addu Atoll – Back in Geopolitical Focus .....	12
US Defense Budget for FY 2022 .....	13
Australian Defence Budget .....	15
Other Significant Indo-Pacific Events .....	17



## DPG INDO-PACIFIC MONITOR

May 2021

### Abstract

The focus of global attention shifted to West Asia during the month, with the imminent US withdrawal from Afghanistan and Israel-Palestine issues competing for attention. Summits involving Europe and the Indo-Pacific, however, showed that the region remained the primary geopolitical focus. The India-UK summit, followed by the India-EU Leaders' Meeting, are the opening focus of this month's Indo-Pacific Monitor.

There were other important summits as well. The US-ROK summit reinforced the US commitment to East Asia, with expansion of the areas of security cooperation and a stated commitment to US-ROK-Japan cooperation. Noteworthy was the inclusion in the Joint Statement of aspects pertaining to the Free and Open Indo-Pacific, Freedom of Navigation, and stability across the Taiwan Straits. China's reaction was relatively restrained, indicating concern about the costs of coercion against the ROK (as at the time of THAAD deployment) in the prevailing environment.

Following his meeting with US Secretary of State Antony Blinken at the G7 Foreign Ministers conclave, External Affairs Minister Dr. S. Jaishankar visited the US from May 24-27 for extensive interactions with the US Secretaries of State and Defense which reaffirmed the upward trajectory of bilateral relations. Jaishankar also met the UN Secretary General in New York to showcase India's contributions as a non-permanent member of the UNSC for 2021-22.

Towards the end of the month, the Indian Cabinet approved the opening of a Consulate General of India in Addu City, the Maldives.

The US and Australia unveiled their respective defence budgets during the month. Australia's budget was in keeping with expectations, while that of the US came in for adverse comment as it was lower than anticipated.

A compendium of significant Indo-Pacific events during the month, including the call by G7 Foreign Ministers for nations to act in accordance with their international commitments and global obligations, the change of command in INDOPACOM, and a full-throated condemnation by the Philippines' Foreign

Minister of China's continued occupation of Whitsun Reef, round off the coverage for this month.

## The India – U.K. Summit

The twice postponed India-U.K. Summit finally took place virtually on May 04, 2021. Initially planned to coincide with Prime Minister Boris Johnson's visit to India for Republic Day 2021, it was postponed following a sharp spike in infections in UK due to the B.1.1.7 variant of SARS-CoV-2, resulting in a complete lockdown. A second postponement occurred due to the emergence of the B.1.617 variant in India, resulting in a similar lockdown. The virtual summit resulted in a road-map<sup>1</sup> till 2030 for a comprehensive strategic partnership, a Joint Statement on the India-UK Virtual Summit<sup>2</sup>, and nine MoUs/Declarations<sup>3</sup>.



Prime Ministers Narendra Modi and Boris Johnson at the India-UK Virtual Summit, May 04, 2021. Source: PIB

The Roadmap 2030 elevates the bilateral relationship to a comprehensive strategic partnership and focuses on four areas. First is connecting the countries and people through political (biennial India-UK Summits and numerous dialogues); migration and mobility; consular; education, research

<sup>1</sup> Roadmap 2030 for India-UK future relations launched during India-UK Virtual Summit (4 May, 2021), [https://mea.gov.in/bilateral-documents.htm?dtl/33838/Roadmap\\_2030\\_for\\_IndiaUK\\_future\\_relations\\_launched\\_during\\_IndiaUK\\_Virtual\\_Summit\\_4\\_May\\_2021](https://mea.gov.in/bilateral-documents.htm?dtl/33838/Roadmap_2030_for_IndiaUK_future_relations_launched_during_IndiaUK_Virtual_Summit_4_May_2021) [https://mea.gov.in/bilateral-documents.htm?dtl/33840/List\\_of\\_MoUsDeclarations\\_agreedannounced\\_at\\_the\\_IndiaUK\\_Virtual\\_Summit\\_May\\_4\\_2021](https://mea.gov.in/bilateral-documents.htm?dtl/33840/List_of_MoUsDeclarations_agreedannounced_at_the_IndiaUK_Virtual_Summit_May_4_2021)

<sup>2</sup> Joint Statement on India-UK Virtual Summit, [https://mea.gov.in/bilateral-documents.htm?dtl/33837/Joint\\_Statement\\_on\\_IndiaUK\\_Virtual\\_Summit\\_Roadmap\\_2030\\_for\\_a\\_Comprehensive\\_Strategic\\_Partnership](https://mea.gov.in/bilateral-documents.htm?dtl/33837/Joint_Statement_on_IndiaUK_Virtual_Summit_Roadmap_2030_for_a_Comprehensive_Strategic_Partnership) ;

<sup>3</sup> List of MoUs/Declarations agreed/announced at the India-UK Virtual Summit (May 4, 2021),

and innovation and enterprise; cultural and connectivity cooperation. Second is trade and prosperity cooperation, with a comprehensive FTA as the final product, and focus on infrastructure, financial, investment, economic, space and nuclear fields. Third is defence and security cooperation, encompassing strengthening of the Defence and International Security partnership agreed to in 2015, Logistics and Training MoUs and Grey and Dark Shipping information sharing agreements, maritime cooperation to promote freedom of navigation, joint exercises and professional military exchanges, deepened defence research, innovation, technology and industry cooperation, as well as cyber security and counter-terrorism cooperation. The fourth area is climate cooperation, through India/UK partnerships in a number of areas initiatives in clean energy and transport, adaptation and resilience, nature and biodiversity, waste management and the circular economy, regional and multilateral cooperation, health, Covid-19 and pandemic preparedness, anti-microbial resistance, non-communicable diseases, digital health, Ayurveda and alternative medicine, and an NHS partnership and health worker mobility.

The Joint Statement speaks of agreement to expand the existing India-UK vaccine partnership, the importance of security, reliable and sustainable supply chains that are resilient to disruptions, finalisation of a new logistics MoU, establishment of an India-UK Maritime Dialogue, the UK's Liaison Officer joining IFC-IOR, joint exercises during the visit of the UK's Carrier Strike Group to the Indian Ocean in 2021, and collaboration on key military technologies including combat aircraft, maritime propulsion systems and complex weapons to deliver the next generation of defence and security capabilities through co-development and co-production.

As per the IMF, six of the world's seventeen trillion-dollar economies in 2021<sup>4</sup> are in Asia, three in the Western Pacific (China, Japan and South Korea), one in the Indian Ocean (India) and two straddling both (Australia and Indonesia). Most of the world's future economic growth will come from Asia. Economic imperatives coupled with China's rise and increasing assertion had resulted in both the US and Western Europe lifting their game in the Indo-Pacific.

The US decision to withdraw from Afghanistan and concentrate on the Asia-Pacific, while leaving the Indian Ocean to India, has been noted by middle powers who depend on Indo-Pacific (and Indian Ocean) highways for their prosperity. It is natural for them to focus increasingly on maritime security, as well as building relationships with key Asian nations. Greater presence of western powers east of Suez will be norm again. France, Germany and the

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<sup>4</sup> IMF World Economic Outlook Database, April 2021,  
<https://www.imf.org/en/Publications/WEO/weo-database/2021/April>

Netherlands have already announced Indo-Pacific policies, as has the EU. The UK has gone a step beyond, in linking up with India both for security in this critical region as well to provide it an alternative market after BREXIT. India's obvious geographic, political, economic, technological and military attractions will make it the partner of choice for those aspiring to maintain the current stable rules-based order in the Indian Ocean part of the Indo-Pacific, if not beyond.

The grey and dark shipping agreements, logistics agreements and expanded exercises are stepping stones towards a stronger security relationship. Although the stated focus is maritime security, this can easily be expanded to cooperation in maintaining regional stability, as the constituent elements are the same. As highlighted by Dr. S. Jaishankar, India's External Affairs Minister in his address at Policy Exchange<sup>5</sup> on May 6, 2021, the roadmap is ambitious and could result in transformation of the India-UK relationship as well as the Indian Ocean region.

## India EU Leaders' Meeting

While the outcomes of the India – UK Summit were described as 'ambitious', those of the India – EU Leaders' Meeting four days later, on May 08, 2021, focused on incremental rather than transformational growth in the relationship. The outcomes<sup>6</sup> included a Joint Statement, a connectivity partnership agreement and the finance contract for the second tranche of Euro 150 million for the Pune Metro Rail project.

The Joint Statement<sup>7</sup> focused on four pillars: building global health preparedness and resilience; protecting the planet and fostering green growth; fostering inclusive growth through trade, connectivity and technology; and striving for a safer, prosperous and more democratic world. The global health pillar committed India and the EU to work together to better prepare for and respond to health emergencies through building resilient supply chains and strengthening the WHO. India, the current chair of the WHO Executive Board,

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<sup>5</sup> Keynote Address by External Affairs Minister at Policy Exchange, London on "India & U.K. in the post-Covid World", [https://mea.gov.in/Speeches-Statements.htm?dtl/33849/Keynote\\_Address\\_by\\_External\\_Affairs\\_Minister\\_at\\_Policy\\_Exchange\\_London\\_on\\_India\\_UK\\_in\\_the\\_postCovid\\_World](https://mea.gov.in/Speeches-Statements.htm?dtl/33849/Keynote_Address_by_External_Affairs_Minister_at_Policy_Exchange_London_on_India_UK_in_the_postCovid_World)

<sup>6</sup> List of Outcomes adopted/signed on the occasion of the India-EU leaders' Meeting, May 08, 2021, [https://mea.gov.in/bilateral-documents.htm?dtl/33855/List\\_of\\_documents\\_adoptedsigned\\_on\\_the\\_occasion\\_of\\_the\\_IndiaEU\\_Leaders\\_Meeting](https://mea.gov.in/bilateral-documents.htm?dtl/33855/List_of_documents_adoptedsigned_on_the_occasion_of_the_IndiaEU_Leaders_Meeting)

<sup>7</sup> Joint Statement on India-EU Leaders' Meeting, [https://mea.gov.in/bilateral-documents.htm?dtl/33853/Joint\\_Statement\\_on\\_IndiaEU\\_Leaders\\_Meeting\\_May\\_08\\_2021](https://mea.gov.in/bilateral-documents.htm?dtl/33853/Joint_Statement_on_IndiaEU_Leaders_Meeting_May_08_2021)

was invited to work towards an international treaty on pandemics within the framework of the WHO. The protecting the planet pillar invited India to consider a global plastics agreement, join the global alliance on circular economy and resource efficiency, and establish an urban water association. There was a commitment to decarbonise the industrial sector, electrify the transport sector, and improve efficiency of cooling and cold chain sectors. The inclusive growth pillar saw agreement to resume negotiations for a comprehensive and mutually beneficial trade agreement while finding solutions to long-standing market issues. There was also agreement to create joint working groups to intensify cooperation on goods and services, and on resilient supply chains. Other areas where both sides committed to enhance cooperation were in global economic governance, a comprehensive connectivity partnership, and in space and transport. The safer world pillar spoke of structured parliamentary exchanges to promote mutual understanding, protection of human rights, and strengthening cooperation on non-proliferation and disarmament, countering terrorism, radicalisation and violent extremism, maritime security and cyber threats. A desire was recorded to enhance dialogue in the area of security and defence, including through joint initiatives and exploring negotiations for a framework partnership agreement.



Prime Minister Narendra Modi at the India-EU Leaders' Meeting, May 08, 2021.  
Source: PIB

The India-EU Connectivity Partnership<sup>8</sup> document was similarly long on intentions. It set out principles and goals, spoke of the intent to deliver mutual benefits in the digital, energy, transport and people-to-people areas, envisaged joint support for sustainable connectivity in third countries and regions, and

<sup>8</sup> India – EU Connectivity Partnership, [https://mea.gov.in/bilateral-documents.htm?dtl/33854/IndiaEU\\_Connectivity\\_Partnership](https://mea.gov.in/bilateral-documents.htm?dtl/33854/IndiaEU_Connectivity_Partnership)



incentivising the private sector to finance such connectivity. The vision is expansive, but is still in the early stages of development.

Given their shared values, India and the EU have much to offer each other. India can benefit from the EU's technology and capital, while the EU can benefit from India's large market. Geopolitical considerations and established mindsets have long hindered effective cooperation. The changed geopolitical environment and the EU's growing disenchantment with China may alter this and result in India – EU relations becoming a future growth area.

## The US - ROK Summit

President Moon Jae-in of the Republic of Korea followed Prime Minister Yoshihide Suga's April visit to Washington DC on May 21, 2021, becoming the second US ally to do so after inauguration of the Biden Administration. That the two East Asian allies have been the first to be received at Washington DC after inauguration reflects the importance this administration attaches to the Indo-Pacific, from both the economic and geopolitical perspectives.



Presidents Joseph Biden and Moon Jae-in at the White House, May 22, 2021. Source: Website of the President of the Republic of Korea

Predictably, reaffirmation of mutual commitment to the defence of South Korea, their combined posture under the ROK-US Mutual Defence Treaty and reconfirmation of the extended deterrence the US provides to the ROK formed

the primary component of the Joint Statement<sup>9</sup>. The two leaders also agreed to deepen cooperation in the cyber and space domains. The ROK announced termination of the Revised Missile Guidelines, which had limited the range and payload of its indigenously produced missiles to 800 Km and 500 Kg. This could result in the ROK developing missiles ostensibly designed to destroy North Korea's underground facilities and bunkers, but actually capable of reaching Beijing. Denuclearisation of the Korean Peninsula was the other focal area. President Biden's Press Secretary had earlier confirmed that the US review of its North Korea policy had been completed; that the policy would not focus on achieving a grand bargain or rely on strategic patience; it would adopt a calibrated, practical approach and would explore diplomacy with the US; and the US would continue to consult with the ROK, Japan and other partners<sup>10</sup>. President Moon welcomed conclusion of the DPRK policy review, while President Biden expressed support for the Inter-Korean Dialogue. The leaders also underscored the fundamental importance of US-ROK-Japan trilateral cooperation for addressing the DPRK, protecting shared security and prosperity, upholding current values and bolstering the rules-based order. President Biden announced the appointment of Ambassador Sung Kim as the US Special Envoy for the DPRK<sup>11</sup>.

The leaders agreed to work together to align the ROK's New Southern Policy and the US vision for a free and open Indo-Pacific and to create a safe, prosperous and dynamic region. They reaffirmed support for ASEAN centrality and the ASEAN-led regional architecture, while expanding cooperation to promote greater connectivity and coordination on law enforcement, cyber-security and public health. They also agreed to explore enhanced cooperation in the Mekong sub-region, with Pacific island countries, and acknowledged the importance of open, transparent and inclusive regional multilateralism including the Quad. It is the last, along with the pledge to maintain peace and stability, lawful unimpeded commerce and respect for international law including freedom of navigation and overflight in the South China Sea that generates the prospect of South Korea formally joining the Quad in times

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<sup>9</sup> U.S. – ROK Leaders' Joint Statement, May 21, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/05/21/u-s-rok-leaders-joint-statement/>

<sup>10</sup> Press Gaggle by Press Secretary Jen Psaki Aboard Air Force One En Route Philadelphia, PA, April 30, 2021, <https://www.whitehouse.gov/briefing-room/press-briefings/2021/04/30/press-gaggle-by-press-secretary-jen-psaki-aboard-air-force-one-en-route-philadelphia-pa/>

<sup>11</sup> Remarks by President Biden and H.E. Moon Jae-in, President of the Republic of Korea at Press Conference, May 21, 2021, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/05/21/remarks-by-president-biden-and-h-e-moon-jae-in-president-of-the-republic-of-korea-at-press-conference/>

ahead. The two leaders also called for peace and stability in the Taiwan Straits and condemned violence by the military junta in Myanmar.

The leaders committed to forging new ties on climate, global health, emerging technologies including 5G, 6G and semi-conductors, supply chain resilience, migration and development, and in the people-to-people relationship. They established a comprehensive KORUS Global Vaccine Partnership to strengthen joint response capabilities for infectious disease, including expanding manufacture of vaccines that have been demonstrated safe and effective, in South Korea. An expert group comprising scientists, experts and officials from the two governments was launched to implement the partnership. The two also agreed to work together to strengthen and reform the WHO and the WTO. Other areas of agreement included civil space exploration, science, aeronautics research, developing overseas nuclear markets, and cooperation between USAID and the Korea International Cooperation Agency.

Four factors loom large in ROK – US relations. The first is Korean reunification and relations with North Korea. Whether the US policy is new or a mix of old policies remains to be seen. At present, while there is clarity in US objectives, there is none on the price the US is willing to pay to achieve them. Coercion through sanctions has not been effective and is unlikely to work so long as DPRK serves as China's East Asia proxy. The second is Japan – Korea relations. Acknowledgement of the fundamental importance of the US – ROK – Japan trilateral could help calm growing tensions between the two Asian US allies, enabling setting aside mutual acrimony in pursuit of the wider need for regional stability and security. Third is the China factor. Inclusion of aspects related to Freedom of Navigation and the rule of law in the South China Sea, as well as stability in the Taiwan Straits carries the potential of annoying China. Its spokesman has already reiterated that Taiwan is China's internal affair, it bears on China's sovereignty and territorial integrity and allows no interference by external forces<sup>12</sup>. He has also said all countries enjoy the freedom of navigation and overflight in the South China Sea<sup>13</sup>. Fourth are economic aspects, which will continue to play the key part in the relationship. The agreements will no doubt contribute to enhancing ROK prosperity, but whether they will offset the much larger ROK – China trade relationship, particularly as

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<sup>12</sup> Foreign Ministry Spokesperson Zhao Lijian's Regular press Conference on May 24, 2021, [https://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2511\\_665403/t1878214.shtml](https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1878214.shtml)

<sup>13</sup> The US and China understand Freedom of Navigation differently. For elaboration, see Lalit Kapur, Reading the USS John Paul Jones FONOP Right, <https://www.delhipolicygroup.org/publication/policy-briefs/reading-the-uss-john-paul-jones-fonop-right.html>

the US remains outside regional agreements such as the CPTPP and RCEP is debatable.

The reality is that South Korea will prefer to avoid a choice between its economic interests in China and security dependence on a still-to-be-proven Biden administration. The termination of the revised missile guidelines and increase in its defence budget indicate the South Korea is preparing to reduce its almost total security dependence on the US. The Biden Administration's defence funding projections for 2022 are sure to be noticed<sup>14</sup>.

## Visit of External Affairs Minister Dr. S. Jaishankar to USA

Construction of the expanded India-US bilateral relationship continued apace with the visit of Dr S. Jaishankar, India's Minister for External Affairs, to USA from May 24-28, 2021. The bilateral component of the visit included meetings with Secretary of State Anthony Blinken, National Security Adviser Jake Sullivan and Secretary of Defense Lloyd Austin, US Trade Representative Katherine Tai and Director of National Intelligence Avril Haines, among others. An interview with former NSA, General Henry McMaster, provided public outreach.

In remarks to the press before their meeting<sup>15</sup>, Secretary Blinken spoke of India and the US being united in tackling COVID-19 and climate change, and being partners through the Quad and other institutions of the UN in dealing with the challenges in the region and around the world. He described the partnership as vital, strong and increasingly productive. Dr. Jaishankar drew attention to this being the first cabinet-level visit from India to the new administration and expressed confidence that India-US relations would continue to strengthen. He also thanked the US for the strong support and solidarity provided at a time of great difficulty for India. The press readout<sup>16</sup> after the meeting identified issues discussed as COVID-19 relief, efforts to strengthen Indo-Pacific cooperation through the Quad, a shared commitment to combating the climate crisis and enhancing multilateral cooperation including at the UN, and regional developments, including the coup in Burma and continuing support for Afghanistan.

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<sup>14</sup> See separate section.

<sup>15</sup> Secretary Antony J. Blinken with Indian Minister of External Affairs Dr. Subrahmanyam Jaishankar Before Their Meeting, <https://www.state.gov/secretary-antony-j-blinken-with-indian-minister-of-external-affairs-dr-subrahmanyam-jaishankar-before-their-meeting/>

<sup>16</sup> Secretary Blinken's Meeting with Indian External Affairs Minister Jaishankar, <https://www.state.gov/secretary-blinkens-meeting-with-indian-external-affairs-minister-jaishankar-2/>

The spokesperson's statement<sup>17</sup> following the meeting with National Security Advisor Jake Sullivan spoke of over \$500 million in COVID-19 relief supplies from the US to India. The two reportedly agreed to continue working closely together to address common challenges throughout the Indo-Pacific. They agreed that people-to-people ties and shared values are the foundations of the US-India strategic partnership that is helping to end the pandemic, supporting a free and open Indo-Pacific, and providing global leadership on climate change.



External Affairs Minister Dr. S. Jaishankar Meets US Secretary of State Antony J Blinken, May 03, 2021. Source: MEA Photo Gallery/Flickr

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<sup>17</sup> Statement by NSC Spokesperson Emily Horne on National Security Advisor Jake Sullivan's Meeting with Minister of External Affairs Subrahmanyam Jaishankar of India, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/05/27/statement-by-ns-c-spokesperson-emily-horne-on-national-security-advisor-jake-sullivan-s-meeting-with-minister-of-external-affairs-subrahmanyam-jaishankar-of-india/>

During the meeting with Secretary of Defense Lloyd Austin<sup>18</sup>, the two exchanged views on a range of regional security challenges and discussed shared priorities in the strategic partnership. They reaffirmed their commitment to sustaining a free and open Indo-Pacific region and strengthening the US-India Major Defense Partnership, as also opportunities to deepen COVID-19 coordination. Secretary Austin conveyed that he looks forward to hosting Minister Jaishankar and Defense Minister Rajnath Singh at the 2+2 Ministerial Dialogue later this year.

The conversation with General HR McMaster<sup>19</sup> on May 26, 2021 sought the EAM's views on the gamut of the India-US relationship. Dr Jaishankar identified the big takeaway as the realisation that challenges on this scale necessitated global cooperation and global mitigation, and there was need to think much more of health security and guarding against over-dependence on single geographies or supply chains. He identified India as a deeply pluralistic society with a very positive view towards engaging the world and possessing great traditions of statecraft and diplomacy. He expressed great faith in India's democratic beliefs, notwithstanding doubts in some sections of the Western media. He said that the period when the Pacific and Indian Oceans were treated as two separate entities was well and truly behind and the seamlessness of the two oceans was evident. The Indo-Pacific was central to the prospects of the future world and there was broad agreement that decisions about the region should be taken on the basis of respect for international law and so as to best serve collective interests. On China, he said that if there was a sharp increase in power of any one state, there would be consequences in international relations. Common values and beliefs would result in partnerships between impacted nations, resulting in formulations like the Quad. He observed that limiting globalization to investment, trade and finance had evidently not worked and could not address issues such as the pandemic, climate change and terrorism. The need was to have global solutions to these problems, and then to resource these solutions. On Afghanistan, he said there was need to protect the gains of the last 20 years.

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<sup>18</sup> Readout of Secretary of Defense Lloyd Austin III Meeting With Indian External Affairs Minister Subrahmanyam Jaishankar, <https://www.defense.gov/Newsroom/Releases/Release/Article/2639039/readout-of-secretary-of-defense-lloyd-austin-iii-meeting-with-indian-external-a/>

<sup>19</sup> External Affairs Minister in conversation with General HR McMaster in Battleground session on 'India: Opportunities and Challenges for a Strategic Partnership', [https://mea.gov.in/interviews.htm?dtl/33878/External\\_Affairs\\_Minister\\_in\\_conversation\\_with\\_General\\_HR\\_McMaster\\_in\\_Battlegrounds\\_session\\_on\\_India\\_Opportunities\\_and\\_Challenges\\_for\\_a\\_Strategic\\_Part](https://mea.gov.in/interviews.htm?dtl/33878/External_Affairs_Minister_in_conversation_with_General_HR_McMaster_in_Battlegrounds_session_on_India_Opportunities_and_Challenges_for_a_Strategic_Part)

The visit represents continued effort and progress towards developing mutual understanding in what has been described as the 'Defining Relationship of the 21<sup>st</sup> Century'. As India continues its efforts to be seen as a responsible global citizen and undo the damage caused by partisan domestic bickering, there will be need for continued clarity of thought and outreach so as to build in the gains of the last few years. As is increasingly being acknowledged abroad, a strong, vibrant and reliable India remains vital for the Indo-Pacific and ultimately world security.

## Addu Atoll – Back in Geopolitical Focus

The need for a secure base in the Indian Ocean led the Royal Navy to construct one at Addu commencing August 1941. The Southernmost of the 26 atolls in the Maldives, Addu lies deep in the Indian Ocean, over 1000 Km southwest of Sri Lanka and 750 Km north of Diego Garcia. It is protected by a coral reef with only four narrow channels providing entrance into the lagoon. Spread over about 70 Km<sup>2</sup>, the lagoon provides a sheltered anchorage with depths of 25-40 metres. The RN also constructed an airfield that became RAF Station Gan in 1957. An island economy, based on serving the needs of the RN, arose in Addu Atoll. Its focus shifted to tourism when the British withdrew from the Indian Ocean.

The smallest Asian country, the Maldives gained independence in 1965. Its geographical location, straddling the sea lanes running from the Malacca Straits to Suez or the Cape of Good Hope gives it immense strategic importance at a time when geopolitical competition in the Indian Ocean is building up. The country appeared to be coming under China's influence and trending towards authoritarianism, but the 2018 elections halted that drift and rejuvenated India's deep links with the nation.

Addu had a registered population of 33,690 people as on December 31, 2017<sup>20</sup>. The airstrip at Gan Island has been expanded into an international airport of length over 3500 metres, capable of operating aircraft up to Boeing 777 in size<sup>21</sup>. The geographical location just South of the Equator, relative isolation and sheltered lagoon make Addu suitable for use as a staging post, for both Indian Ocean surveillance using the P8I LRMP aircraft, as well as for ships mission deployed to maintain a presence in the Central Indian Ocean.

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<sup>20</sup> <http://statisticsmaldives.gov.mv/yearbook/2018/wp-content/uploads/sites/5/2018/04/3.3.pdf>

<sup>21</sup> <https://www.routesonline.com/airports/16735/addu-international-airport-pvt-ltd/about/>

The decision by India's Cabinet to open a new Consulate General of India in Addu City, in the Maldives<sup>22</sup>, thus holds tremendous geopolitical significance. It could be a precursor to India's securing access rights to Addu International Airport and the Addu Lagoon. It would certainly enhance India's ability to keep the Indian Ocean under surveillance, adding to the network that includes Agalega, Reunion, the Andaman and Nicobar Islands, and the Cocos (Keeling) Islands, thus putting in place a building block for implementation of the SAGAR policy.

## US Defense Budget for FY 2022

The Pentagon's FY 2022 budget proposals<sup>23</sup> were submitted to Congress and released on May 28, 2021. The proposal seeks \$ 752.9 billion for national defense, of which \$ 715 billion is for the Department of Defense. This is an increase of 1.6% over the FY 2021 enacted amount of \$ 703.7 billion.



USNS Big Horn Refuels FS Tonnerre in the Philippine Sea, May 19, 2021. Source: Ministry of Defence, France

<sup>22</sup> Cabinet Approves Opening of a new Consulate General of India in Addu City, Maldives, <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1721500>

<sup>23</sup> The Department of Defense Releases the President's Fiscal year 2022 Defense Budget, <https://www.defense.gov/Newsroom/Releases/Release/Article/2638711/the-department-of-defense-releases-the-presidents-fiscal-year-2022-defense-budg/>



The budget request seeks \$ 500 million for Covid-19 and pandemic preparedness, \$ 617 million for preparing for, adapting to and mitigating the effects of climate change, and \$ 5.1 billion for the Pacific Deterrence Initiative. \$ 27.7 billion is earmarked for nuclear modernization; \$ 20.4 billion for missile defense. \$ 52.4 billion goes to USAF procurement, for 85 F-35 Lightning fighters, 14 KC-46 tanker replacements, 9 CH-53K King Stallion heavy lift helicopters, 12 F-15EX replacements for the F-15C and 30 AH-64E Apache attack helicopters. Naval procurement gets \$ 34.6 billion, including funding for the Columbia class SSBNs, a Ford class aircraft carrier, 2 Virginia class SSNs, 1 Arleigh Burke class destroyer, 1 FFG (X) frigate, 1 fleet replenishment oiler, large unmanned surface vessels and other ships. Investment in ground forces is set at \$ 12.3 billion. An investment of \$ 20.6 billion is planned for space and space-based systems, and \$ 10.4 billion for cyberspace activities.

The budget invests \$ 27.8 billion in Army readiness, \$ 48.5 billion in Navy and Marine Corps readiness, \$ 36.5 billion in Air Force readiness, and \$ 9.4 billion in the Special Operations Command. It supports 2.146 million military personnel, includes a 2.7% pay raise for both military and civilian personnel in DoD, invests \$ 8.6 billion in family support programs, earmarks nearly \$ 10 billion for military construction and family housing, and \$ 15 billion for facilities sustainment, restoration and modernization.

Service-wise, the US Army budget is \$ 174 billion (down \$ 1.5 billion from last year), the Navy gets \$ 207 billion (a \$4.6 billion hike) and the Air Force gets \$ 204 billion (a \$ 8.8 billion increase).

Republicans, who had sought a 3-5% increase in defense spending over last year, are sure to be unhappy with the 1.6% proposed. Senators Jim Inhofe and Representative Mike Rogers, ranking members of the Senate and House Armed Forces Committees, have already described the budget request<sup>24</sup> as "inadequate," and said, "It's disingenuous to call this request an increase because it doesn't even keep pace with inflation – it's a cut". They also say, "Fundamentally, it does not adequately resource the 2018 National Defense Strategy, forcing impossible choices between readiness and modernization upon commanders and troops". As the proposal moves towards passage by Congress, there will be acrimonious debate and changes.

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<sup>24</sup> Inhofe, Rogers Reject Biden Defense Budget as Wholly Inadequate, <https://www.inhofe.senate.gov/newsroom/press-releases/inhofe-rogers-reject-biden-defense-budget-as-wholly-inadequate>

## Australian Defence Budget

The Australian defence budget, disclosed on May 10, 2021, shows that the Morrison government is serious about delivering on the enhanced defence capability promised by its 2016 Defence White Paper<sup>25</sup>, the 2020 Defence Strategic Update<sup>26</sup> and the 2020 Force Structure Plan<sup>27</sup>. It is implementing the Defence Transformation Strategy<sup>28</sup> published in November 2020, and money is clearly following stated government policy.



A French Navy helicopter from FS Tonnerre approaches HMAS Parramatta at the two ships sail together in the South China Sea. Source: Australian Department of Defence

The course of events in the South China Sea, Hong Kong, Taiwan and Ladakh has convinced the establishment that stronger action in pursuit of China's interests is in the offing, posing a danger to regional peace. Australia has resolved to use the time it has to increase its capability. Australia's economy does not appear to have suffered from Chinese economic coercion and seems to be recovering faster than expected from the negative impact of Covid-19.

<sup>25</sup> <https://www.defence.gov.au/WhitePaper/Docs/2016-Defence-White-Paper.pdf>

<sup>26</sup> <https://www1.defence.gov.au/strategy-policy/strategic-update-2020>

<sup>27</sup> [https://www1.defence.gov.au/sites/default/files/2020-11/2020\\_Force\\_Structure\\_Plan.pdf](https://www1.defence.gov.au/sites/default/files/2020-11/2020_Force_Structure_Plan.pdf)

<sup>28</sup> <https://www1.defence.gov.au/strategy-policy/transformation>

Australia's expected GDP in 2021-22 is over A\$ 185 billion higher than was predicted last year.

The 2020 Defence Strategic Update identified three strategic objectives: **shape** Australia's strategic environment, **deter** action against its interests and, when required, **respond** with credible force. Spending is designed to achieve these objectives. Budget estimates call for total defence funding of nearly<sup>29</sup> \$ (Australian) 44.57 billion<sup>30</sup> in 2021-22, projected to increase to \$ 48.24 billion in 2022-23, \$ 51.07 billion in 2023-24 and \$ 53.24 billion in 2024-25<sup>31</sup>. This can be broken down into personnel costs of A\$ 13.856 billion (31% of the budget), operating expenses amounting to A\$ 12.952 billion (29%), and capital acquisitions of A\$ 15.766 billion (35.3% of budget), including A\$ 3.444 billion for infrastructure. The increase in defence spending amounts to 4.1% in nominal terms. Expenditure is about 2.09% of GDP.

Defence spending is broadly divided into two parts: Planning for and conduct of government directed operations and emergency/other tasks; and capability building and sustainment. An amount of A\$ 79.4 million is provided for South Pacific defence cooperation, as well as A\$ 26.9 million for cooperation with SE Asia. Expenditure for the 22 assigned operational tasks underway during the current year, spread across an area stretching from Cyprus, the Persian Gulf, South Sudan and Afghanistan in the West to the Indian Ocean (surveillance), South China Sea and Southwest Pacific in the East is estimated at \$ 279 million, sharply reduced from the \$ 765 million spent in 2020-21. The reduction is primarily on account of drawing down activity for Operation Okra<sup>32</sup>, the Australian deployment against Daesh in Iraq and Syria.

Under capability building and sustainment, total funding sought for the Navy in 2021-22 is A\$ 9.7 bn, as against A\$ 8.4 bn last year. Army funding is projected at A\$ 9.8 bn (\$ 9.5 bn last year), while that for the Air Force is A\$ 9.8 bn (A\$ 9.1 bn last year). The remaining amount is intended for other heads such as joint capability, the Australian Signals Directorate, defence executive support, estate and infrastructure, defence intelligence, etc.

Capital acquisition accounts for A\$ 4.4 bn of Navy expenditure, A\$3.3 bn of Army expenditure and A\$ 4.3 bn for Air Force expenditure. The healthy balance between capital and operating (revenue) budgets is evident. Major projects

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<sup>29</sup> All figures in Australian Dollars, rounded off to the nearest decimal figure.

<sup>30</sup> At current rates of exchange, this is approximately USD 34.76 billion.

<sup>31</sup> Australian Defence Department Portfolio Budget Statements 2021-22, [https://www.defence.gov.au/Budget/21-22/2021-22\\_Defence\\_PBS\\_00\\_Complete.pdf](https://www.defence.gov.au/Budget/21-22/2021-22_Defence_PBS_00_Complete.pdf)

<sup>32</sup> Operation Okra, <https://www1.defence.gov.au/operations/okra>

being funded include the 72 F 35A Lightning fighters, MQ-4C Triton UAVs, two additional P-8A Boeing Poseidon LRMP ac, 211 Boxer combat reconnaissance and 1100 protected mobility vehicles, attack class submarines, Hunter class frigates and Arafura Class OPVs.

Australia's blue water capability is ageing. Its Collins class submarines are 18-25 years old. Surface capability is provided by eight Anzac class frigates, 15-25 years old, and three Hobart class destroyers, all relatively new. However, replacements will become available well within the planned service life of both, with the Attack-class submarines and Hunter-class frigates expected to enter service around 2031. It has gone about strengthening its defence capability in a systematic way, including forging new partnerships (including with Japan and India), as well as strengthening its conventional deterrence and response capability. This foresight will help in reassuring allies and partners, including the Quad nations and ASEAN, that Australia will be able to contribute meaningfully to maintaining a stable region.

## Other Significant Indo-Pacific Events

India's operational focus in May remained on defending the Line of Actual Control against China's salami-slicing efforts and Disaster Relief. The Indian Navy deployed nine warships<sup>33</sup> for Operation Samudra Setu II, for transporting oxygen and medical equipment from Bahrain, Qatar, Kuwait, UAE and Singapore. Even as Covid relief operations continued, intensive SAR operations were launched following cyclone Tauktae, including for crew members of Accommodation Barge P-305 which sank off Mumbai on 17 May<sup>34</sup>. INS Rajput was decommissioned after 41 years of service on May 21, 2021<sup>35</sup>. Relief operations were also conducted following cyclone Yaas in the Bay of Bengal<sup>36</sup>. Meanwhile, the US State Department notified Congress of the

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<sup>33</sup> Indian Navy Steps up Covid Relief Operations: Nine Warships Transporting Oxygen, Medical Equipment from Abroad, <https://indiannavy.nic.in/content/indian-navy-steps-covid-relief-operations-nine-warships-transporting-oxygen-medical>

<sup>34</sup> Cyclone Tauktae Update – Indian Nav continuing with Search and Rescue Operations, <https://indiannavy.nic.in/content/cyclone-tauktae-update-indian-navy-continuing-search-and-rescue-operations>

<sup>35</sup> INS Rajput Decommissioned, <https://indiannavy.nic.in/content/ins-rajput-decommissioned>

<sup>36</sup> Indian Naval Ships and Aircraft Standby for Rescue and Relief Ops – Cyclone Yaas, <https://indiannavy.nic.in/content/indian-naval-ships-and-aircraft-standby-for%C2%A0rescue-and-relief-ops-cyclone-%E2%80%98yaas%E2%80%99>

possible FMS sale to India of six P-I aircraft and associated equipment for an estimated cost of \$ 2.42 billion<sup>37</sup>.



Admiral John Aquilino, left, relieves Admiral Philip Davidson as commander of USINDOPACOM at Pearl Harbour on April 30, 2021. Source: USINDOPACOM

Admiral Philip Davidson retired after more than 38 years of service on April 30, 2021 and relinquished command to Admiral John Aquilino<sup>38</sup>. Admiral Samuel J Paparo assumed command of the US Seventh Fleet on May 05<sup>39</sup>. Ships from France, Australia, Japan and the US came together for Exercise Jeanne D'Arc from May 11-17<sup>40</sup>, 2021. UDD Curtis Wilbur conducted a routine Taiwan Strait

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<sup>37</sup> India – P-8I and Associated Support,  
[https://www.dsca.mil/sites/default/files/mas/India\\_21-13.pdf](https://www.dsca.mil/sites/default/files/mas/India_21-13.pdf)

<sup>38</sup> US Indo-Pacific Command Holds Change of Command Ceremony,  
<https://www.navy.mil/Press-Office/Press-Releases/display-pressreleases/Article/2592326/us-indo-pacific-command-holds-change-of-command-ceremony/>

<sup>39</sup> Paparo Takes Helm as US Pacific Fleet Commander,  
<https://www.pacom.mil/Media/News/News-Article-View/Article/2598533/paparo-takes-helm-as-us-pacific-fleet-commander/>

<sup>40</sup> Japan – Australia – France – US Multilateral Exercise,  
<https://www.mod.go.jp/msdf/en/release/202105/20210511.pdf>

Transit<sup>41</sup> on May 18, followed by a Freedom of Navigation Operation<sup>42</sup> off the Paracel Islands on May 20. USS Ronald Reagan completed her maintenance period at Yokosuka and sailed<sup>43</sup> on May 19 for forward deployment. Reports indicate that the strike group will make a rare deployment to Central Command<sup>44</sup> to supplement USS Dwight D Eisenhower in supporting the US withdrawal from Afghanistan, leaving the Asia-Pacific without a US aircraft carrier for the first time in over 15 years.

The G-7 Foreign and Development Ministers called on China<sup>45</sup> to respect human rights and fundamental freedoms. In a communiqué on May 5, they expressed deep concern about human rights violations in Xinjiang and Tibet and strongly supported independent and unfettered access to Xinjiang to investigate the situation on the ground. They also expressed grave concern on China's decision to erode democratic elements of the electoral system in Hong Kong and called on China to act in accordance with international commitments and legal obligations. They urged China to uphold its commitments to act responsibly in cyber space, including refraining from conducting or supporting cyber-enabled intellectual property theft, and supported Taiwan's meaningful participation in World Health Organisation forums and the World Health Assembly. Predictably, China described the communiqué as "gross interference in China's sovereignty, flagrant trampling on norms of international relations and violation of the trend for peace, development and win-win cooperation of our times". It strongly condemned the communiqué, described its content as China's domestic affair<sup>46</sup>. China also suspended its economic dialogue with Australia<sup>47</sup>.

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<sup>41</sup> 7<sup>th</sup> Fleet Destroyer Transits Taiwan Strait, <https://www.c7f.navy.mil/Media/News/Display/Article/2621083/7th-fleet-destroyer-transits-taiwan-strait/>

<sup>42</sup> 7<sup>th</sup> Fleet Conducts Freedom of Navigation Operation, <https://www.c7f.navy.mil/Media/News/Display/Article/2624571/7th-fleet-conducts-freedom-of-navigation-operation/>

<sup>43</sup> USS Ronald Reagan Carrier Strike Group departs Yokosuka to support Free and Open Indo-Pacific, <https://www.c7f.navy.mil/Media/News/Display/Article/2624578/uss-ronald-reagan-carrier-strike-group-departs-yokosuka-to-support-free-and-ope/>

<sup>44</sup> Sole US Aircraft Carrier in Asia-Pacific to Help With Afghanistan Troop Withdrawal, [https://www.wsj.com/articles/u-s-aircraft-carrier-leaving-asia-to-help-with-afghanistan-troop-withdrawal-11622034089?mod=searchresults\\_pos1&page=1](https://www.wsj.com/articles/u-s-aircraft-carrier-leaving-asia-to-help-with-afghanistan-troop-withdrawal-11622034089?mod=searchresults_pos1&page=1)

<sup>45</sup> G7 Foreign and Development Ministers' Meeting: Communiqué, [https://eeas.europa.eu/headquarters/headquarters-homepage/97842/g7-foreign-and-development-ministers%E2%80%99-meeting-communiqu%C3%A9\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/97842/g7-foreign-and-development-ministers%E2%80%99-meeting-communiqu%C3%A9_en)

<sup>46</sup> Foreign Ministry Spokesperson Wng Wenbin's Regular Press Conference on May 6, 2021, [https://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2511\\_665403/t1873782.shtml](https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1873782.shtml)

<sup>47</sup> Ibid

The Shandong task group deployed<sup>48</sup> to the South China Sea for training in early May. The 38<sup>th</sup> Escort Fleet of the PLA (N) departed Zhoushan port on May 14, for operational deployment in the Gulf of Aden<sup>49</sup>. China warned Japan<sup>50</sup> to be cautious concerning its sovereignty and territorial integrity, claiming that the draft Japanese White paper 2021 will include for the first time content that “a stable Taiwan situation is of great importance to Japan’s security and the stability of the international community”. Taiwan continued to feel the impact of PLA AF transgressions into its air space, with Chinese aircraft intruding on 18 days during the month. The Philippines Foreign Minister launched a tirade against China on Twitter, triggered by China’s continued operation of Whitsun Reef<sup>51</sup>.

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<sup>48</sup> Chinese naval aircraft carrier battle group conducts maritime training, [http://eng.mod.gov.cn/news/2021-05/06/content\\_4884676.htm](http://eng.mod.gov.cn/news/2021-05/06/content_4884676.htm)

<sup>49</sup> China’s new naval fleet embarks on escort mission, [http://eng.mod.gov.cn/news/2021-05/15/content\\_4885464.htm](http://eng.mod.gov.cn/news/2021-05/15/content_4885464.htm)

<sup>50</sup> Japan should be cautious in words and deeds on issues concerning China’s sovereignty and territorial integrity, [http://eng.mod.gov.cn/news/2021-05/27/content\\_4886282.htm](http://eng.mod.gov.cn/news/2021-05/27/content_4886282.htm)

<sup>51</sup> Philippines Foreign Minister Lambasts China in Expletive-laced Tweet, <https://www.wionews.com/world/south-china-sea-dispute-philippines-foreign-minister-lambasts-china-in-expletive-laced-tweet-382529>



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