



# Delhi Policy Group

Advancing India's Rise as a Leading Power



## INDO-PACIFIC MONITOR

FEBRUARY 2024

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### 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, assisted by Ms. Divya Rai, based on open source reports and publications. Your comments and feedback may be addressed to the author at [lalit@dpg.org.in](mailto:lalit@dpg.org.in). To subscribe, please [click here](#).

#### Cover Image:

*Prime Minister Narendra Modi and UAE President Sheikh Mohammed bin Zayed Al-Nahyan launch the UPI RuPay card payment service at Abu Dhabi on February 13, 2024. Source: PM of India Photo Gallery*

*Ships from participating countries flanked by India's two aircraft carriers exercise off Visakhapatnam during the sea phase of Exercise MILAN 2024. Source: Indian Navy*

*Philippines' President Bong Bong Marcos and Australian Prime Anthony Albanese Address the Press at Canberra, February 28, 2024. Source: Twitter @AlboMP*

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# INDO-PACIFIC MONITOR

February 2024

## Abstract

India's interim budget, announced on February 1, projected the national GDP for 2023-24 would be ₹3,27,71,808 crores, or about \$3.95 trillion. Allocation for the Ministry of Defence was ₹621,540.85 crores (about \$74.88 billion), 13.04% of government spending and 1.78% of the GDP.

The conflict in Gaza and disruption of sea lanes by the Houthis continued through the month. MV Rubymar was struck by two missiles on February 19, forcing the crew to abandon ship. US-led forces continued their protective mission in the Red Sea and struck targets in Houthi controlled areas repeatedly. IN warships remained mission deployed in the Arabian Sea. A joint IN-Narcotics Control Board operation on February 28 resulted in the interception of a Pakistani vessel attempting to smuggle around 3.3 tons of drugs into India.

Prime Minister Narendra Modi visited the UAE on February 13-14, resulting in eight bilateral agreements, including the interlinking of electronic payment platforms and credit cards. He visited Qatar the next day, thanking the ruler for the release of eight Indian Naval personnel who had been placed on death row on unspecified charges. India signed a long-term gas purchase agreement with Qatar.

The US State Department notified the sale of 31 MQ-9B UAVs to India on February 1. India commissioned INS Sandhayak, the first of four large survey vessels built by GRSE Kolkata on February 3. India's Ministry of Defence contracted BEL to procure 11 Shakti Electronic Warfare systems for the IN. The Defence Acquisition Committee accorded Approval of Necessity for acquisition proposals worth about \$ 10.2 billion, including MR aircraft, variable depth sonars and heavyweight torpedoes for the IN.

India and the Maldives agreed on mutually acceptable solutions to enable continued operation of Indian aviation platforms from the Maldives.

Exercise MILAN-2024 was held in and off Visakhapatnam from February 19-27.

Elections in Indonesia resulted in Prabowo Subianto winning about 59% of the vote and becoming the President-elect. He will be sworn in on October 20, 2024.

PM Narendra Modi and PM of Mauritius Pravind Jugnauth jointly inaugurated the new airstrip of Agalega Islands in Mauritius on February 29, as well as six community development projects in the island nation. Earlier on February 12 the two PMs had also launched the Unified Payments Interface (UPI) and RuPay Card services in Mauritius.

Australia published the results of its Surface Fleet Review on February 20, calling for expansion and modernisation of its surface force and resulting in an expenditure of A\$ 54 billion over the next decade. It also published its Defence Industry Development Strategy on February 29. Separately, 37 Australian personnel were deployed to Guam for five months to embed with USN personnel involved in maintenance of SSNs

## India's Interim Budget 2024-25

Presenting the interim budget for 2024-25, Finance Minister Smt. Nirmala Sitharaman noted that global affairs were becoming more complex and challenging with wars and conflicts, and that a new world order was emerging<sup>1</sup>. With territorial, ideological and geopolitical challenges from China and Pakistan, aspirations for a "Viksit Bharat" (developed India) and the acknowledgement that "defence is a national priority of highest importance for the integrity and sovereignty of the country"<sup>2</sup>, what proportion of India's national income did she allocate for external security? Is the outlay well-directed and sufficient?

The budget projects that India's nominal GDP (national income) for 2023-24 will be ₹3,27,71,808 crores<sup>3</sup>, or about \$3.95 trillion<sup>4</sup>. Assuming that the 6.5% rate of growth projected by the IMF for India is correct, the GDP for FY 2024-25 will be about ₹34901975 crores, or about \$ 4.2 trillion. Total government spending is projected at ₹47,65,768.39 crores (\$57.42 billion), or about 11.33% of the estimated GDP. Defence spending, inclusive of recoveries, is projected to be

<sup>1</sup> Interim Budget 2024-2025, Speech of Nirmala Sitharaman, Minister of Finance, February 1, 2024, [https://www.indiabudget.gov.in/doc/Budget\\_Speech.pdf](https://www.indiabudget.gov.in/doc/Budget_Speech.pdf)

<sup>2</sup> Extract from Report of the 15<sup>th</sup> Finance Commission 2021-26, [https://fincomindia.nic.in/writereaddata/html\\_en\\_files/fincom15/Reports/XVFC%20VOL%20I%20Main%20Report.pdf](https://fincomindia.nic.in/writereaddata/html_en_files/fincom15/Reports/XVFC%20VOL%20I%20Main%20Report.pdf)

<sup>3</sup> Budget at a Glance, 2024-25, [https://www.indiabudget.gov.in/doc/Budget\\_at\\_Glance/bag1.pdf](https://www.indiabudget.gov.in/doc/Budget_at_Glance/bag1.pdf)

<sup>4</sup> At an exchange rate of \$ 1.00 = ₹ 83.00. This rate is used for all subsequent calculations in this commentary.

₹621,540.85 crores (\$74.88 billion)<sup>5</sup>. This amounts to 13.04% of government expenditure or 1.78% of the GDP. Interestingly, 35.3% of all government spending will come from borrowings, which are estimated at ₹1,685,494 crores in BE 2024-25<sup>6</sup>. Furthermore, interest outgo on past borrowing will consume ₹11,90,440.29 crores, or about 25% of all government expenditure<sup>7</sup>.

**Table 1: Projected spending on defence in 2024 by selected countries**

Country	GDP (\$ Trillion) <sup>8</sup>	Military Expenditure (\$ Billion) <sup>9</sup>	Percentage of GDP
USA	26.95	841.4	3.1
China	17.7	292	1.65
Germany	4.43	55.8	1.3
Japan	4.24	53.9	1.27
India	4.20	74.88	1.78
France	3.05	57.1	1.87
Australia	1.69	34.4	2.03

Table 1 above compares India's projected defence spending with other leading nations. These figures do not, however, provide an accurate depiction of the amount each nation actually spends on the current and future needs of its Armed Forces. Pensions, for example, are not part of the defence budget for the US or China. Nor does China include what it spends on its Coast Guard, or maritime militia, in its defence budget. Media reports based on classified US intelligence estimates indicate that China's actual defence spend could be as much as \$ 700 billion<sup>10</sup>.

Unlike for all other departments of the Government of India, where pensions are accounted for by the Ministry of Finance (under Demand No. 41), the Defence Department's budget includes a provision of ₹141,205 crores, under Demand No 22<sup>11</sup>. Inclusion of this vestigial charge on the past effectively inflates figures for defence spending without contributing towards the operation, maintenance and modernisation of the armed forces. If pension

<sup>5</sup> Budget at a Glance, Op Cit.

<sup>6</sup> Budget at a Glance, 2024-25,

[https://www.indiabudget.gov.in/doc/Budget\\_at\\_Glance/bag1.pdf](https://www.indiabudget.gov.in/doc/Budget_at_Glance/bag1.pdf)

<sup>7</sup> Ibid

<sup>8</sup> From World Economic Outlook, October 2023.

<sup>9</sup> Figures for 2024, compiled by author.

<sup>10</sup> Mackenzie Eaglen, "Setting the record straight on Beijing's actual military spending", August 08, 2023, <https://www.aei.org/foreign-and-defense-policy/setting-the-record-straight-on-beijings-actual-military-spending/>

<sup>11</sup> Ibid

outgo is separated, India's projected defence expenditure drops to ₹480335.85 crores (about \$ 56.9 billion, 1.37% of GDP, 10.08% of government spending). Given India's ambitions in a deteriorating global environment, increased security commitments due to the three-front (including maritime) threat, the urgent need for military modernisation and the acknowledgement that expenditure on defence should be the first charge on the tax resources of the government<sup>12</sup>, this does appear to be on the low side.

**Table 2: Budget projections and allocations<sup>13</sup>. All figures in ₹ crore.**

Budget Head	RE 2023-24	BE 2024-25		Difference	% of BE
		Demand	Allocation		
<b>MoD (Civil)</b>	25,896.99	255,63.18	25563.18	Nil	4.11
<b>Armed Forces Revenue</b>	305,863.60	289,582.21	282,772.67	(-) 6914.47	45.50
<b>Capital</b>	157,228.20	171,877.57	172,000.00	(+) 122.43	27.67
<b>Pensions</b>	142,094.00	149,203.78	141,205.00	(-) 7998.78	22.72

Table 2 compares the amounts demanded and allocated under different Ministry of Defence budget heads and the percentage of the total budgeted amount each head will consume. The MoD (Civil) head has been allocated the full amount demanded; it constitutes 4.11% of the budget. Revenue expenditure of the armed forces consumes 45.5% of the budget and has been allocated Rs 6914.47 crores less than what was projected by MoD after scrutiny. Similarly, pensions, which consume 22.72% of the budget, have been allocated nearly ₹8000 crores less than was projected (after due scrutiny). On the other hand, the apparent increase of allocation of Rs 122.43 crores for capital outlay on the Defence Services (Demand No. 21) includes an investment of ₹1494 crores in public enterprises; ₹1707.48 crores towards technology development assistance for prototype development under the make procedure, and ₹11,526 crores for unspecified purposes. The actual allocation for armed forces capital spending is ₹157228.20 crores, about \$ 18.94 billion. Given that the Defence Acquisition Council has accorded acceptance of necessity for many times that

<sup>12</sup> Report of the 15<sup>th</sup> Finance Commission 2021-2026, [https://fincomindia.nic.in/writereaddata/html\\_en\\_files/fincom15/Reports/XVFC%20VOL%20I%20Main%20Report.pdf](https://fincomindia.nic.in/writereaddata/html_en_files/fincom15/Reports/XVFC%20VOL%20I%20Main%20Report.pdf)

<sup>13</sup> Compiled from Demand for Grants of Central Government, 2024-25 <https://www.indiabudget.gov.in/doc/eb/alldg.pdf> and Expenditure Budget 2024-25, <https://www.indiabudget.gov.in/doc/eb/allsbepdf>

account, how far capital allocations will go towards making up the shortfalls in defence equipment is questionable. To provide perspective, the US Armed Forces will spend over \$169.2 billion for procurement during the same period. This excludes an amount of over \$18.2 billion for construction costs, which India includes under the Capital head.

The revenue allocation to the Army is ₹192,680.38 crores, ₹4556.47 crores below the projected amount. Of the allocation, ₹132,307.52 crores or 68.7% of the Army's revenue expenditure is earmarked for pay and allowances and the ECHS. Expenditure on the Rashtriya Rifles, National Cadet Corps and 'other expenditure' takes away ₹19,218.22 crores, leaving only ₹41,154.64 (about \$ 5 billion, 21.6% of the Army's revenue budget) for operations and maintenance. The Navy, which had forecast a revenue requirement of ₹33528.73 crores has been allotted ₹32778.73 crores, a shortfall of ₹750.00 crores. 28.84% of the allocation is earmarked for pay and allowances, 8.2% for repairs and refits, 28.65% for 'stores' and 11.35% for joint staff. The Air Force will spend about 51.8% of its revenue allocation for pay and allowances, leaving about 47.7% for operations and maintenance.

**Table 3: Capital Outlay for the Services**

Service	BE 2023-24	RE 2023-24	Difference	BE 2024-25
<b>Combined</b>	162,600	157,228.2	(-) 5371.8	172,000.00
<b>Army</b>	37241.54	33411.16	(-)3830.38	Sub-heads for three services clubbed together
<b>Navy</b>	52804.75	51052.18	(-) 1752.57	
<b>Air Force</b>	57137.09	58111.62	974.53	

On the capital front, the allocation of ₹172,000 crores appears substantially larger than the allocation of ₹162,600 crores in BE 2023-24. The question is about the ability of the services to actually expend the amount allotted. As Table 3 above shows, a shortfall of about ₹5371.8 crores in capital spending is expected (the actual shortfall or overspend will become known only when actuals are compiled; the Armed Forces normally do all they can to ensure that the amount allotted each year is actually spent). Nor does the higher allocation translate into key procurement heads getting more funds. For example, the allocation for fleet acquisition, at ₹23,800 crores (about \$ 2.79 billion) is ₹400 crores lower than that in BE 2023-24, and ₹645 crores below the revised estimates of ₹24,445 crores for FY 2023-24. Moreover, the three Armed Forces get only ₹155,565.52 crores of the capital allocation. ₹1707.48 crores go towards assistance for prototype development under the 'Make' procedure, while



₹1494.0 crores go towards investment in Public Sector Enterprises. ₹13,236.0 crores remain unaccounted for. How far the amount allotted will go in filling critical capability gaps and modernisation of the Armed Forces through acquisition of big-ticket items, including state of the art niche technology lethal weapons, ships, fighter aircraft, UAVs and specialist vehicles etc, as well as modernisation of fighter aircraft is left to the reader to assess.

The allocation for the Coast Guard is ₹7651.8 crores, substantially higher than BE 2023-24 estimated of ₹7197.4 crores, but lower than the revised estimate of ₹8140 crores for FY2023-24. Notably, ₹3500 crores (45.7%) of the Coast Guard's allocation goes towards capital expenditure. The DRDO is allotted ₹23,855 crores (\$2.87 billion)<sup>14</sup>.

**Table 4: Estimates of Expenditure on Ex-Servicemen**

Head	Actuals 2022-23	BE 2023-24	RE 2023-24	BE 2024-25
<b>Pension</b>	153,406.90	138,205.00	142,095.00	141,205.00
<b>ECHS</b>	6900.43	5431.56	9221.50	6968.00

The press release from MoD has proclaimed an increase of the pension budget to ₹1,41,205 crores, which is 2.17% higher than the allocations made in FY 2023-24<sup>15</sup>. It also proclaims a substantially higher allocation of ₹6968 crores for ECHS, as compared to the allocation of ₹5431.56 crores for FY 2023-24<sup>16</sup>. The reality, however, is that the allocation for pensions is substantially lower than both actual expenditure of ₹153406.9 crores in 2022-23, and the revised estimate of ₹142,095 crores for 2023-24. This could be explained by the requirement of payment of OROP arrears not being there in 2024-25. In the case of ECHS, however, the allocation is only marginally above the actual expenditure of ₹6900.43 crores in 2022-23, and substantially lower than the revised estimate of ₹9221.5 crores for 2023-24. The basis for this lower allocation must be questioned.

<sup>14</sup> Record over Rs 6.21 lakh crore allocation to Ministry of Defence in Interim Union Budget 2024-25; 4.72% more than FY 2023-24, <https://pib.gov.in/PressReleasePage.aspx?PRID=2001375>

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

**Table 5: Allocations for MEA**

	Actuals 2022-23	BE 2023-24	RE 2023-24	BE 2024-25
<b>Revenue</b>	15510.57	16534.79	27145.95	20479.50
<b>Capital</b>	1174.22	1520.21	10989.65	6058.58
<b>Total</b>	16684.79	18055.00	38135.60	26538.08

Diplomacy constitutes a major part of the nation's external security. Budget projections for the Ministry of External Affairs are at Table 5 above. This includes an expenditure of ₹4883.56 crores on aid to other countries, including ₹600 crores for the Maldives and ₹100 crores for Chabahar Port. The sharp disparity between the allocation and the revised estimates for FY 2023-24, with estimated expenditure being more than double what was allocated, calls into question the very basis on which budgetary allocations are made. That said, India still spends barely 0.56% of its total government spending on diplomacy. This is remarkably low.

The efficacy of an Armed Force is a function of its numbers, technology, quality of leadership, training and morale. The manpower intensive Army spends the largest share of its budget on personnel costs, leaving insufficient for the acquisition of technology and training? The Navy and Air Force, on the other hand, are necessarily equipment intensive. The relatively small outlay for operations and maintenance call into question their operational efficacy in the event of conflict.

## The India-UAE Convergence Continues

The strategic convergence between India and the United Arab Emirates (UAE) continued gathering momentum with Prime Minister Narendra Modi's visit to Abu Dhabi on February 13-14, 2024. This was the 11<sup>th</sup> leader-level exchange since 2015: Prime Minister Modi has visited the country seven times, while the Shekh Mohammed, the current UAE President (and ruler of Abu Dhabi) has been to India four times.

The bonhomie between the two leaders was evident when the UAE President personally received Prime Minister Modi at Abu Dhabi airport and accorded him a ceremonial welcome. Talks between the two leaders followed, during which they witnessed the exchange of eight documents<sup>17</sup>. A bilateral

<sup>17</sup> Joint Statement: Visit of Prime Minister to the United Arab Emirates (February 13-14, 2024), <https://www.mea.gov.in/bilateral->



investment treaty will not just protect existing investments, but also promote further capital flows between India and the UAE. An intergovernmental framework agreement on the India-Middle East-Europe Economic Corridor spells out how the two countries will build collaboration on logistics platforms as well as the provision of supply chain services for all types of cargo. A Memorandum of Understanding (MoU) for cooperation on Digital Infrastructure Projects will not just enable investment cooperation, but also the development of capabilities and sharing technical knowledge, advice, skills and expertise. Another MoU in the field of electricity interconnection and trade will strengthen the bilateral partnership relating to energy security and energy trade, including in clean energy, green hydrogen and energy storage. A third MoU will enable comprehensive cooperation for development of the National Maritime Heritage Project at Lothal, in Gujarat. A cooperation protocol between the National Library and Archives of the UAE and the National Archives of India will promote cooperation in archives management through exchange of expertise, historical information, research and studies, among others. An agreement on the interlinking of instant payment platforms (India's UPI and the UAE's AANI), will enable seamless payments between bank accounts in UAE and India. Another agreement on interlinking domestic debit/credit cards (RuPay India with JAYWAN UAE) enables integration of the financial platforms of the two countries.

Two other documents had been concluded before the visit commenced<sup>18</sup>: an agreement between the Gujarat Maritime Board and Abu Dhabi Ports Company to build a partnership connecting the two, encompassing comprehensive port development, infrastructure, technology, maritime education, training, tourism collaboration etc. The last, between RITES and Abu Dhabi Ports Company pertains to development of multimodal logistics parks, including free trade zones, rail connectivity projects and related infrastructure services. Seen holistically, the agreements displayed not just the underlying strategic vision, but also the rapid pace at which it was being executed.

Interaction between the Prime Minister and the first batch of students from the IIT Delhi-Abu Dhabi campus followed<sup>19</sup>. Temporarily housed in the Zayed University, IIT Delhi-Abu Dhabi began its first Master's Course in Energy Transition and Sustainability in end January 2024 and will begin undergraduate courses in September 2024. Prime Minister Modi also

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[documents.htm?dtl/37630/Joint\\_Statement\\_Visit\\_of\\_Prime\\_Minister\\_to\\_the\\_United\\_Arab\\_Emirates\\_February\\_13\\_2024](#)

<sup>18</sup> Prime Minister's Meeting with President of the UAE, February 13, 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2005628>

<sup>19</sup> Prime Minister interacts with first batch of students from IIT Delhi – Abu Dhabi Campus, February 13, 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2005699>

interacted with a 40,000 strong audience comprising Indian diasporas and Emiratis at the Zayed Sports City Stadium in Abu Dhabi<sup>20</sup>.

Other elements of the visit programme included addressing the International Energy Agency's Ministerial Meeting in Dubai<sup>21</sup>; a meeting with Sheikh Mohamed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and ruler of Dubai<sup>22</sup>; laying the foundation stone of the Bharat Mart in Jebel Ali virtually along with the ruler of Dubai<sup>23</sup>, and an address to the World Governments' Summit in Dubai<sup>24</sup>. For his last engagement, Prime Minister Modi returned to Abu Dhabi to inaugurate the BAPS Hindu Temple, for which he had laid the foundation stone in 2018 and for which the land was provided by Sheikh Mohammed bin Zayed Al-Nahyan, the President of UAE and ruler of Abu Dhabi.

India's partnership with UAE is among its most comprehensive, spanning a wide field. The rapid pace at which it is moving ahead is a far cry from efforts of the past. This author had identified six major areas of convergence<sup>25</sup>. There is visible movement in all six. There is need to focus on a seventh area: bilateral defence cooperation and an eighth of intensified regional engagement in IORA, not just to avoid leaving room for exploitation by others, but also to enable the realisation of SAGAR commitments, including defending India's interests in the Indian Ocean in cooperation with regional partners. The foundations have been laid; it remains for India to obtain the agreement of the UAE for significant stepping up in these areas.

## Progress on the EU Indo-Pacific Strategy

The EU Council had, in April 2021, released the "EU Strategy for the Cooperation in the Indo-Pacific"<sup>26</sup>. This strategy focused on seven pillars: connectivity, ocean governance, sustainable and inclusive prosperity, digital governance and partnerships, the green transition, security and defence, and human

<sup>20</sup> Prime Minister's interaction at Indian Community Event "AHLAN MODI" in UAE, February 13, 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2005753>

<sup>21</sup> Text of PM's address at the Ministerial Meeting of the International Energy Agency, February 14, 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2005857>

<sup>22</sup> Prime Minister's meeting with Ruler of Dubai, Vice President and Prime Minister of UAE, February 14, 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2005895>

<sup>23</sup> Virtual foundation stone laying of Bharat Mart in Jebel Ali, Dubai, February 14, 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2005893>

<sup>24</sup> Prime Minister's participation in World Governments Summit, February 14, 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2005945>

<sup>25</sup> Lalit Kapur, "The Growing India-UAE convergence", Indo-Pacific Monitor, January 2024, [https://www.delhipolicygroup.org/uploads\\_dpg/publication\\_file/indo-pacific-monitor-5067.pdf](https://www.delhipolicygroup.org/uploads_dpg/publication_file/indo-pacific-monitor-5067.pdf)

<sup>26</sup> EU Indo-Pacific Strategy, [https://www.eeas.europa.eu/eeas/eu-indo-pacific-strategy\\_en](https://www.eeas.europa.eu/eeas/eu-indo-pacific-strategy_en)



security. On February 02, 2024, Josep Borrell Fontelles, EU High Representative for Foreign Affairs, chaired the third EU Indo-Pacific Ministerial Forum at Brussels, to take stock of progress and chalk out plans for the years ahead. About 70 participants, including EU member states and institutions, Indo-Pacific countries, and regional organisations from across the Indo-Pacific region, joined in the discussions<sup>27</sup>.

The participants reaffirmed their determination to uphold the rules based international order, the principles of the UN charter and international law including UNCLOS and to support security and stability in a free and open Indo-Pacific; to work for inclusive and sustainable economic growth and human development and to fight, mitigate and adapt to climate change, promote and accelerate the green energy transition, tackle biodiversity loss and strengthen global governance. They also appreciated the decision of the Indian Ocean Rim Association to welcome the EU as a Dialogue Partner and the decision of the EU to join the Indo-Pacific Ocean's Initiative. They acknowledged the contributions of Japan and India, as chairs of the G7 and G20 respectively, towards addressing issues of concern to the Indo-Pacific.

Participants discussed how to enhance cooperation and deepen solidarity in three parallel roundtables. The first was structured around shared prosperity, economic resilience and investments. Following conclusion of the EU-New Zealand Free Trade Agreement (FTA) and the Economic Partnership Agreement (EPA) with Kenya, the EU referred to its intention of pursuing FTAs with Australia, Indonesia, Eastern and Southern Africa, India and Thailand, as well as relaunch negotiations with other ASEAN partners to enhance prosperity. The EU-India Trade and Technology Council and digital partnerships with Japan, ROK and Singapore were supporting advanced cooperation in technology research and innovation, secure international connectivity, supply chain resilience, digital regulation and skills. The Global Gateway was reinvigorating partnerships promoting sustainable connectivity.

Initiatives towards the green transition included the Green Blue Alliance for the Pacific, the ASEAN/Southeast Asia Green TEI, and the Climate change Adaptation & Resilience in Africa TEI. The EU had launched Just Energy Transition partnerships with Indonesia, South Africa and Vietnam. The partnership with Vietnam was expected to mobilise \$ 15.5 billion of public and private finance. The EU had already committed € 3.3 billion for the JETP with

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<sup>27</sup> Boosting EU-Indo-Pacific Partnerships: Chair's Press Release following the EU Indo-Pacific Ministerial Forum, 02 February 2024, [https://www.eeas.europa.eu/eeas/boosting-eu-indo-pacific-partnerships-chair%E2%80%99s-press-release-following-eu-indo-pacific-ministerial\\_en](https://www.eeas.europa.eu/eeas/boosting-eu-indo-pacific-partnerships-chair%E2%80%99s-press-release-following-eu-indo-pacific-ministerial_en)



Indonesia through the International Partnership Group led by the US and Japan. Participants also stressed the importance of cooperation towards the entry into force of the UN Biodiversity beyond National Jurisdiction Treaty.

Recognising that the security of Europe and the Indo-Pacific were increasingly interlinked, the EU had established high-level security and defence dialogues with Japan and the Republic of Korea with the intention of developing a security partnership. Sectoral dialogues between the EU and Indo-Pacific partners had been launched to intensify cooperation on maritime security, cybersecurity, counterterrorism, space, crisis management and conflict prevention, and in countering hybrid threats and foreign information manipulation. The EU committed to enhancing its engagement in the Northwest Indian Ocean through Coordinate Maritime Presences as well as joint naval exercises and port calls. It had begun action to protect merchant vessels in the Red Sea. The EU and Seychelles have concluded a "legal finish agreement" facilitating transfer by an EU member state of persons arrested and detained under Seychelles national law for participating in violation of the UN arms embargo on Somalia or in drug trafficking off Somalia.

Advances across the seven areas of EU's Indo-Pacific cooperation are detailed in the table at Appendix.

The Indo-Pacific, seen by the EU as extending from Africa's East Coast till the Southern Pacific Islands, is undoubtedly the world's most economically dynamic region, one where the world's economic destiny will be shaped. It already contributes substantially more to global growth than the Euro-Atlantic, and the gap is destined to rise. To reach the Pacific, however, the EU must pass through the Mediterranean, the Red Sea and the Indian Ocean. It will not be enough to just use the commons; the EU must contribute significantly towards ensuring safe and secure connectors. This indeed is why security and defence must be, and is, one of the foundational pillars of the EU Indo-Pacific strategy. But here the EU is handicapped in that it doesn't have a military role and has to depend on members for resources.

Consequently, the aspiration of the EU remains limited to symbolic exercises aimed at strengthening cooperation in governance of the seas, enhancing the capacity of regional nations to tackle transnational sub-state and non-state threats to their maritime zones, and participation in multilateral security forums. The EU's bandwidth to engage even in these areas is limited to the physical resources its members provide.

In the Indian Ocean, India remains by far the most consequential enabler of the Free and Open Indo-Pacific vision. Trade between India and the EU amounted



to \$ 135.8 billion in FY 2022-23<sup>28</sup>, making it India's largest trading partner. EU FDI in India as of July 2023 amounted to \$ 290.3 billion, or about 31% of cumulative global FDI into India<sup>29</sup>. Nevertheless, the EU engagement with India remains underwhelming. Negotiations for a Free Trade Agreement have dragged on for over a decade. Security engagement has been minimal: the EU has only recently appointed a Military Attaché in New Delhi<sup>30</sup> (to be fair, the EU posted its first military attaché to the US only in June 2020). The officer is a former Italian Defence Attaché in India. The EU and India conducted a maritime exercise in the Gulf of Guinea in October 2023. Far more, however, needs to be done to ensure that India and the EU coordinate their activities in pursuit of their common vision of a free and open Indo-Pacific. This should focus on capacity-building, particularly off East Africa.

Notably, the EU vision of the Indo-Pacific does not stretch across the Pacific to include the US or Canada, both of which have launched their own Indo-Pacific strategies. The EU is also handicapped due to divergent priorities among member states, lack of a standing naval force, limited operational capacity, geopolitical competition, resource constraints, and information sharing and interoperability issues. Nevertheless, how effective its Indo-Pacific outreach will be will depend in large measure on the EU's relations with India. Much remains to be done.

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<sup>28</sup> In the fiscal year 2022-23, India's exports to the European Union amounted to \$74.83 billion, representing 16.6% of total exports. Meanwhile, imports from the EU stood at \$61 billion, accounting for 8.5% of total imports.

<sup>29</sup> GOI FDI Statistics, <https://dpiit.gov.in/publications/fdi-statistics>

<sup>30</sup> "In a First, European Union Posts a Military Attache to its Mission in India, November 06, 2023, <https://www.hindustantimes.com/india-news/european-union-posts-military-attache-to-india-for-the-first-time-101699279700921.html>

**Table 6: Progress of the Seven Areas of Cooperation under EU's Indo-Pacific Strategy<sup>31</sup>**

Pillars	Agreements	Signed	Under Negotiation
Sustainable and Inclusive Prosperity	Partnership and Cooperation Agreements	Malaysia Thailand	Bangladesh
	Samoa Agreement	Members of the organisation of African, Caribbean and Pacific states (OCAPS)	
	Economic Partnership Agreement	Kenya	Tonga, Timor-Leste, Niue, Tuvalu and Vanuatu (for EU-Pacific Economic Partnership Agreement)
	Free Trade Agreement	New Zealand	Australia, India, Eastern and Southern Africa, Indonesia and Thailand.
Green Transition	Green Blue Alliance	Fiji	
	Green Team European Initiatives	Bangladesh, Djibouti, Madagascar, Mozambique, Cambodia, Indonesia, Lao PDR, the Philippines, Sri Lanka, Viet Nam and Tanzania	
	Green Alliance (Memorandum of Cooperation)	Japan	
	Green Partnership	Republic of Korea	
	Green Economy Initiatives	Philippines	
	Just Energy transition partnerships	Indonesia, Vietnam and South Africa	
Ocean Governance	Sustainable Fisheries partnership agreements	Cook Islands, Madagascar and Kiribati	
	Marine Protected Areas	Around Antarctica	
	Sustainable Western Indian Ocean programme (SWIOP)	Djibouti, Kenya, Somalia, Tanzania, Mozambique, Mauritius, Seychelles, Madagascar and Comoros	
Digital Governance and Partnerships	Digital Partnership	Japan, the Republic of Korea and Singapore	
	Digital Trade Principles	EU and Singapore; EU and RoK	
	Digital Connectivity Team Europe Initiatives	Philippines	
	Digital4Development Hub	For Asia-Pacific	
	Cross-border data flow agreement	between EU and Japan	
	Trade and Technology Council	EU and India	
	EU-ASEAN digital cooperation		
Connectivity	Comprehensive Air Transport Agreement	Between EU and ASEAN	
	Horizontal Agreement on air services	EU and Japan	

<sup>31</sup> "Boosting EU-Indo-Pacific Partnerships: Chair's Press Release Following the EU Indo-Pacific Ministerial Forum | EEAS, 02 February 2024 n.d.

[https://www.eeas.europa.eu/eeas/boosting-eu-indo-pacific-partnerships-chair%E2%80%99s-press-release-following-eu-indo-pacific-ministerial\\_en](https://www.eeas.europa.eu/eeas/boosting-eu-indo-pacific-partnerships-chair%E2%80%99s-press-release-following-eu-indo-pacific-ministerial_en)



Pillars	Agreements	Signed	Under Negotiation
	Partnership on Sustainable Connectivity and Quality Infrastructure	EU and Japan	
	EU-India Aviation Summit under the EU-India Connectivity Partnership	India	
	First High-Level Transport Dialogue	RoK	
Security and Defence	Joint Naval Exercise	Indonesia, RoK, Japan, Oman and USA	
	Conducted by EUNAVFOR ATLANTA		
	Security Partnership	EU and Japan	
	Security Partnership and a Strategic Dialogue (at Foreign Ministerial level)	EU-RoK	
	EU Training Mission	Mozambique	
	Coordinated Maritime Presence	Noeth-West Indian Ocean	
Human Security	Humanitarian and Assistance	Myanmar (Forced Displacement), Bangladesh (Rohingyas refugees), Vanuatu (cyclones), Pakistan (Flood), Yemen (Food crisis), Micronesia (drought)	
	Copernicus Emergency Management Service	Pakistan, the Philippines, Australia, Indonesia, Madagascar, Mozambique and Vanuatu	

(Table by Divya Rai)

## Exercise Milan 2024

The 12<sup>th</sup> edition of India's Exercise MILAN took place on India's Eastern Seaboard from February 19-27, 2024, including a harbour phase from February 19-23 and a sea phase from February 24-27<sup>32</sup>. The exercise included an international maritime seminar, a city parade, the Swavlamban exhibition, subject matter expert exchanges, interaction between young officers and cultural and sports activity, as well as opportunities for bilateral interaction among the various visiting delegations. 15 ships from 13 foreign countries, one French maritime patrol aircraft, and IN ships Vikrant and Vikramaditya, among others, participated. Delegations from 34 other countries also took part<sup>33</sup>. The list of participants of MILAN 2024 is tabulated at Appendix.

The beginnings of MILAN go back to 1995, when the exercise took place for the first time. The Cold War had given rise to a perception, particularly in the West and in Southeast Asia, that both Visakhapatnam and Port Blair were Soviet bases. As India looked East, the intent was to show to the world, and particularly

<sup>32</sup> MILAN 2024 Press Release 20 Feb 2024, <https://indiannavy.nic.in/content/milan-2024-press-release-20-feb-2024>

<sup>33</sup> MILAN 2024 Participating Countries, <https://www.in-milan.in/CountryShips.aspx>



Southeast Asian neighbours, that this was not true. So, participants at the first Exercise MILAN comprised ships from Indonesia, Singapore, Thailand and Sri Lanka, coming to Port Blair essentially to familiarise themselves with their Indian Naval counterparts, participate in sporting activity, engage in cultural activity and carry out simple exercises. This biennial 'opening of the doors', so to speak, was the precursor to the institution of coordinated patrols with Southeast Asian neighbours in common sea spaces, India's greater acceptance by Southeast Asian neighbours and the current level of engagement. The humble beginnings created an environment where neighbours are by and large comfortable with Indian Naval presence in their region.

MILAN moved to Kochi in 1999 and brought in island countries from the Western Indian Ocean, but has remained on the East Coast of India thereafter. It did not take place in 2001 on account of the International Fleet Review. The 2005 edition was postponed on account of the destruction caused by the December 2004 tsunami and consequential rebuilding effort; that edition took place in 2006. The pattern then changed to holding the exercise in even years, instead of odd years that had been the practice till then. The 2006 edition also witnessed participation by Myanmar for the first time, including the first ever visit by a Myanmar Navy ship to any foreign port. Its focus was expanded to include sea lane security, particularly for traffic from the Malacca Straits passing through the Andaman Sea. There was no exercise in 2016 due to the International Fleet Review, as also in 2020 on account of COVID-19. Other than that, it has been held in every even year and has seen continuous expansion of both the number of participants as well as exercise content.

The number, geographical profile and ideology of participants at the 2024 edition speaks of India's maritime friendships across the world. The initial Southeast Asian focus has expanded to bring together nations from across the Pacific and the Atlantic, Oceania and the Indian Ocean, West Asia and West Africa, as well as from Western Europe. Participants included the anti-West camp, represented by Iran and Russia. All Southeast Asian countries with a Navy (including Timor-Leste) sent a delegation; five of them sent ships. All IORA countries participated. Representation from Oceania included Australia, New Zealand and significantly, Papua New Guinea. Russia sent three ships; Iran sent one. The US sent a ship and the Deputy Commander of the US Pacific Fleet, while the Commander of the US Indo-Pacific Command participated in the parallel Raisina Dialogue. Namibia, Gabon and Nigeria, countries on Africa's Atlantic Coast, sent representative delegations. France participated with an Atlantique-2 Maritime Patrol Aircraft and the Joint Commander of French Forces in the Indian Ocean. Even Canada and the UK participated.



Notably, there was no warship from Singapore, perhaps for the first time since MILAN commenced 29 years ago. This was explained as being due to non-availability of ships as the Singapore Navy transitions from older warships to newer ones. However, the Chief of the Singapore Navy participated with a 14-man delegation. Countries that were invited but did not take part include Brunei, Chile, the Netherlands, Nicaragua, Peru, Qatar and Tonga.







Perhaps the only other regular exercise of similar nature is the biennial RIMPAC, hosted by the US Indo-Pacific Command; this brings together all countries on the Pacific Rim, along with observers including India. Both focus on addressing common maritime challenges, including disaster response, smuggling of WMD, drugs, weapons and people, anti-piracy and anti-terrorism, etc. Both provide participating nations an exposure to high-end warfighting operations, though to say they build interoperability would be an exaggeration.











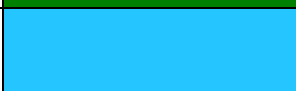
MILAN, however, is different in that it draws inspiration from India's 'Vasudhaiva Kutumbakam' philosophy and engenders cooperation to tame the commons, rather than acting as an instrument of deterrence or preparing for combat. It serves India's SAGAR vision well, building cooperative platforms to address common challenges. It delivers goodwill, transparency and trust, while enabling India to display its shipbuilding and tactical prowess, its professional ability and resolve and the potential of its maritime defence industry to advanced and developing nations alike. As such, it has become a potent example of the acceptability of India's maritime leadership in the Indian Ocean.

The humble beginnings of 1997 have expanded to draw participation from far and near. What is certain is that MILAN will continue to grow and will continue to build bridges of friendship between stakeholders in the region in the years ahead.

**PARTICIPANTS IN EX MILAN 2024**

Legend

	IORA Member		Western Alliance
	Anti West		ASEAN
	West Asia		Africa

<u>Country</u>	<u>Head of Delegation</u>	<u>Participating Assets</u>	<u>Grouping</u>
Australia	Fleet Commander	HMAS Warramunga	
Bangladesh	Area Commander	BNS Dhaleshwari	
Brazil	Flag Officer		
Cambodia	Deputy Chief		
Canada	Commanding Officer		
Comoros	Base Commander		
Djibouti	Ambassador		
Egypt	Amphibious Unit Commander		
Eritrea	Ambassador		
Fiji	Mid-level officer		
France	ALINDIEN	MPA Atlantique 2	
Gabon	Diplomat in India		
Germany	Dy Defence Attache		

<u>Country</u>	<u>Head of Delegation</u>	<u>Participating Assets</u>	<u>Grouping</u>	
Indonesia	Battle Group Commander	KRI Sultan Iskandar Muda	Blue	Pink
Iran	Deputy Fleet Commander	IRIS Dena	Gold	Red
Iraq	Navy Commander		Gold	
Italy	Flag Officer		Light Blue	
Japan	C-in-C JMSDF		Light Blue	
Kenya	Mid-level officer		Dark Blue	
Madagascar	Navy Chief of Staff		Dark Blue	
Malaysia	Naval Area Commander	KD Lekir	Blue	Pink
Maldives	Mid-level officer		Dark Blue	
Mauritius	Commissioner of Police	MCGS Victory	Dark Blue	
Mozambique	Mid-level officer		Dark Blue	
Myanmar	C-in-C Myanmar Navy	UMS King Sin Phyu Shin	Pink	
Namibia	Chief of Staff (Personnel)		Green	
New Zealand	Chief of Navy		Light Blue	
Nigeria	Defence Adviser		Green	
Oman	Naval Base Commander		Gold	
Papua New Guinea	Head of Capability Development		White	
Philippines	Commander Naval Forces (Luzon)		Light Blue	Pink
Russia	Vice Commander of Russian Navy.	Varyag, Marshal Shaposhnikov, Boris Butoma	Red	
Seychelles	Dy Chief Seychelles Defence Force	PS Zoroaster	Dark Blue	
Singapore	Chief of Navy		Blue	Pink
Somalia	Cdr of Somali Navy and CG		Dark Blue	
South Africa	Navy Chief		Dark Blue	

<u>Country</u>	<u>Head of Delegation</u>	<u>Participating Assets</u>	<u>Grouping</u>
South Korea	Dy Fleet Commander		
Spain	Submarine Flotilla Cdr		
Sri Lanka	Fleet Commander	SLNS Sayurala	
Tanzania	Head of Naval Operations		
Thailand	Area Command Chief of Staff	HTMS Prachuap Khiri Khan	
Timor Leste	Chief of Timorese Navy		
UAE	Mid-level officer		
UK	Cdr UK Strike Force		
USA	Dy Cdr of Pacific Fleet	USS Halsey	
Vietnam	C-in-C and Chief of Staff of Navy	Corvette 20	
Yemen	CG Chief of Ops		

(Divya Rai helped in research)



## The Italy Japan Summit

Continuing the growing European engagement in the Indo-Pacific, Italian Prime Minister Giorgia Meloni met Japan's Prime Minister Fumio Kishida on February 5, 2024. The two leaders had joined hands with the UK for the Global Air Combat Programme in December 2022<sup>34</sup> and agreed to upgrade their bilateral relationship to a 'strategic partnership' in January 2023<sup>35</sup>.

Speaking to the Press, President Meloni drew attention to the rapid strides made since launch of the partnership. This was the fourth meeting between the two leaders in the last year. The two had finalised agreements to strengthen cooperation in the scientific and industrial fields and signed an agreement for co-production of films. A double-taxation avoidance agreement would come into force on April 01, 2024<sup>36</sup>. Re-launch of the Italy-Japan Business Group has resulted in a 10% increase in trade last year. A new Foreign Affairs – Defence consultation mechanism would begin meeting in March 2024. Military cooperation had already resulted in joint exercises in 2023. Italy intended sending its aircraft carrier (Cavour), training ship (Amerigo Vespucci) and F-35 aircraft to reflect a significant increase of presence in the Pacific. The Global Air Combat Programme (GCAP) had already seen signing of agreements in scientific research. There was intensification of cooperation in sectors such as space, semiconductors and energy, as well as defence cooperation. Italy intended making a big impact at the Osaka Expo in 2025 and had become the first foreign country to start constructing its pavilion.

In March 2019, Italy had become the first (and only) G7 country to join China's Belt and Road Initiative. The expected increase in exports to China did not, however, materialise: reports indicate that Italy's exports to China rose only marginally from €13 billion in 2019 to €16.4 billion in 2023, while China's exports to Italy increased from €31.7 billion to €57.5 billion during the same period<sup>37</sup>. Meanwhile, Italy's main European partners, including France and Germany, exported significantly more to China despite not being part of the

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<sup>34</sup> Joint Leader's Statement Regarding Cooperation in the Joint Development of Next-generation Fighter Aircraft by Japan, Italy and the United Kingdom, [https://japan.kantei.go.jp/101\\_kishida/documents/2022/\\_00028.html](https://japan.kantei.go.jp/101_kishida/documents/2022/_00028.html)

<sup>35</sup> Meeting with Prime Minister Kishida of Japan – President Meloni's Press Statement, <https://www.governo.it/en/articolo/meeting-prime-minister-kishida-japan-president-meloni-s-press-statement/21501>

<sup>36</sup> President Meloni's press statement with Prime Minister Kishida, February 5, 2024, <https://www.governo.it/en/articolo/president-meloni-s-press-statement-prime-minister-kishida/24952>

<sup>37</sup> Meloni: Italy can improve trade with China after Belt and Road departure, December 7, 2023, <https://www.reuters.com/world/china/italy-tells-china-it-is-leaving-belt-road-initiative-sources-2023-12-06/>

BRI. As Europe became sceptical about China and relations with the US suffered, large sections of Italian polity turned against participation in the BRI. Meloni had in fact announced that she would pull out when campaigning to become President. So, Italy formally withdrew from China's Belt and Road Initiative in December 2023<sup>38</sup>. The decision was notified the prescribed three months before the MOU regarding Italy's participation in the BRI would have automatically been renewed<sup>39</sup>. China's spokesperson, in response, had cited the presence of 151 countries at the Third Belt and Road Forum in October and its 458 deliverables as proof of success of the Forum and its message of solidarity, collaboration, openness and win-win results. China also firmly opposed "attempts to smear and sabotage Belt and Road cooperation or stoke bloc confrontation and division"<sup>40</sup>.

The decision to formally withdraw rather than cancelling specific projects indicates a conscious political decision to prioritise G7 partners while minimising damage to the bilateral relationship. The rapid improvement of Italy's relations with Japan is a part of that choice. Meloni had, in March 2023, established a strategic partnership with India<sup>41</sup>. The question is whether Italy's decision will result in a meaningful contribution to strengthening the balance against China in the Indo-Pacific.

Italy spent \$ 32.75 billion (below 1.5% of its GDP) on defence in 2024<sup>42</sup>. The budget for 2024 is \$ 33.1 billion, essentially flat. It has an active military strength of 160,900 personnel, a larger number than other major European neighbours. However, its defence spending is substantially lower, indicating that a major share of the budget goes towards personnel costs. Blue water naval platforms include eight submarines, two aircraft carriers, four destroyers and 13 frigates. Italy has maintained maritime presence in the Mediterranean, the Gulf of Guinea, for Operation Atalanta in the Gulf of Aden, and in the Persian Gulf. Unless Italy substantially steps up defence spending, its ability to sustain a

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<sup>38</sup> Foreign Ministry Spokesperson's Regular Press Conference on December 7, 2023, [https://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2511\\_665403/202312/t20231207\\_11196715.html](https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/202312/t20231207_11196715.html)

<sup>39</sup> Memorandum of Understanding Between the Government of the Italian Republic and the Government of the People's Republic of China on Cooperation Within the Framework of the Silk Road Economic Belt and the 21<sup>st</sup> Century Maritime Silk Road Initiative, [https://www.governo.it/sites/governo.it/files/Memorandum\\_Italia-Cina\\_EN.pdf](https://www.governo.it/sites/governo.it/files/Memorandum_Italia-Cina_EN.pdf)

<sup>40</sup> Ibid.

<sup>41</sup> For an overview, see Lalit Kapur, "The India Italy Strategic Partnership" Indo-Pacific Monitor, March 2023, [https://www.delhipolicygroup.org/uploads\\_dpg/publication\\_file/indo-pacific-monitor-4873.pdf](https://www.delhipolicygroup.org/uploads_dpg/publication_file/indo-pacific-monitor-4873.pdf)

<sup>42</sup> Based on military expenditure data in the IISS Military Balance 2024 and the IMF World Economic Outlook, October 2023.



continuous and significant presence in the Indo-Pacific must be considered debatable.

## Other Indo-Pacific Developments

US Marks Two Years of its Indo-Pacific Strategy. A series of statements by US departments marked the two-year anniversary of the Biden Administration's Indo-Pacific Strategy. The National Security Council made much of its progress in revitalizing alliances and partnerships and taking them to new heights<sup>43</sup>. The State Department set out its approach towards advancing a free and open Indo-Pacific, building connections within the region, driving regional prosperity, bolstering regional stability and advancing resilience to 21<sup>st</sup> century transnational threats<sup>44</sup>. The Department of Defense identified outcomes over the last two years<sup>45</sup>. The Department of Commerce listed out its achievements, including driving new resources to the Indo-Pacific, leading the Indo-Pacific Economic Framework, reinforcing deterrence through export controls, strengthening ASEAN, supporting India's continued rise and regional leadership, delivering on the Quad, and supporting open, resilient, secure and trustworthy technologies<sup>46</sup>. The US Trade and Development Agency similarly listed out its programmes for the Indo-Pacific<sup>47</sup>. The statements mark an attempt to portray that thought the US is currently focused on Ukraine and Gaza, the Indo-Pacific remains a priority theatre.

IPEF Supply Chain Agreement<sup>48</sup>. The US Department of Commerce announced that the Indo-Pacific Economic Framework for Prosperity (IPEF)

<sup>43</sup> Statement from NSC Spokesperson Adrienne Watson Marking the Two-Year Anniversary of the Indo-Pacific Strategy, February 9, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/02/09/statement-from-nsc-spokesperson-adrienne-watson-marking-the-two-year-anniversary-of-the-indo-pacific-strategy/>

<sup>44</sup> The United States' Enduring Commitment to the Indo-Pacific: Marking Two Years Since the Release of the Administration's Indo-Pacific Strategy, February 09, 2024, <https://www.state.gov/the-united-states-enduring-commitment-to-the-indo-pacific-marking-two-years-since-the-release-of-the-administrations-indo-pacific-strategy/>

<sup>45</sup> Fact Sheet: Department of Defense Marks Two-Year Anniversary of the US Indo-Pacific Strategy, February 09, 2024, <https://www.defense.gov/News/Releases/Release/Article/3672121/fact-sheet-department-of-defense-marks-two-year-anniversary-of-the-us-indo-pacific/>

<sup>46</sup> Two Years of Indo-Pacific Strategic Results: Strengthening Indo-Pacific Commerce for a Prosperous Future, February 09, 2024, <https://www.commerce.gov/news/fact-sheets/2024/02/two-years-indo-pacific-strategic-results-strengthening-indo-pacific>

<sup>47</sup> Fact Sheet: USTDA Support for the Indo-Pacific Strategy, February 09, 2024, <https://www.ustda.gov/fact-sheet-ustda-support-for-the-indo-pacific-strategy/>

<sup>48</sup> US Department of Commerce Announces Upcoming Entry into Force of the IPEF Supply Chain Agreement, January 31, 2024, <https://www.commerce.gov/news/press-releases/2024/01/us-department-commerce-announces-upcoming-entry-force-ipef-supply->

Supply Chain Agreement would enter into force on February 24, 2024, a critical step towards bringing this agreement into action and building resilient, efficient, productive, sustainable, transparent, fair, secure and inclusive supply chains. The announcement came as five IPEF partners (Fiji, India, Japan, Singapore and the US) deposited their instruments of ratification, acceptance or approval, triggering entry into force provisions of the agreement. The focus is now on establishment of the three supply chain bodies – the Supply Chain Council, Crisis Response Network, and Labour Rights Advisory Board.

G7 Leaders' Statement on Ukraine<sup>49</sup>. G7 leaders released a joint statement on Ukraine, committing to continued support for Ukraine's right to self-defence and long-term security; calling on Russia to immediately cease its war of aggression and unconditionally withdraw its forces from Ukrainian territory; stating their intent to continue to raise the costs for Russia's war, degrade its revenues and impede its efforts to build its war machine; and committing to their support for Ukraine for as long as it takes. Consequently, the Indo-Pacific remained at the background of their security concerns, including for Japan, the sole Asian member of the G7.

Indonesian Elections. The third attempt by Prabowo Subianto, Indonesia's Defence Minister, to become the country's President fructified when he emerged triumphant in Indonesia's Presidential Election on February 14<sup>50</sup>. Preliminary figures indicated that Prabowo had secure 58.83% of the vote, as against 24.49% for Anies Baswedan and 16.68% for Ganjar Pranowo, the ruling party candidate. Prime Minister Narendra Modi congratulated Prabowo on his victory on February 18<sup>51</sup>. Prabowo's success is due to the support he has received from the incumbent Joko Widodo, whose eldest son is Prabowo's running mate. Prabowo is expected to largely continue Jokowi's policies.

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[chain#:~:text=Since%20the%20signing%20of%20the,Agreement's%20entry%20into%20force%20provision.](#)

<sup>49</sup> G7 Leaders' Statement. February 24, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/02/24/g7-leaders-statement-7/>

<sup>50</sup> Continuity Prabowo Means Change for Indonesia, February 15, 2024, <https://www.chathamhouse.org/2024/02/continuity-prabowo-means-change-indonesia>  
[15](#)

<sup>51</sup> Prime Minister Congratulates People of Indonesia, newly-elected Prez Prabowo Subianto, February 18, 2024, [https://www.mea.gov.in/press-releases.htm?dtl/37638/Prime\\_Minister\\_congratulates\\_people\\_of\\_Indonesia\\_newlyelected\\_Prez\\_Prabowo\\_Subianto](https://www.mea.gov.in/press-releases.htm?dtl/37638/Prime_Minister_congratulates_people_of_Indonesia_newlyelected_Prez_Prabowo_Subianto)

Inauguration of Airstrip on Agalega Island<sup>52</sup>. Prime Minister Narendra Modi and Mauritian Prime Minister Pravind Jugnauth jointly inaugurated the airstrip, St James Jetty and six community development projects on Agalega Island on February 29. The projects have been entirely financed by India, in compliance with a commitment made in March 2015, when PM Modi unveiled India's SAGAR vision. Mauritius also became the first country to join India's Jan Aushadi initiative, through which better quality made-in-India generic medicines would be provided to the people of Mauritius.

Release of IN Officers Detained in Qatar. India welcomed the release by Qatar of the eight Indian employees of Dahra Global Company<sup>53</sup>, who had been detained on unspecified charges since October 2022 and were sentenced to death in October 2023. Media reports had indicated that the officers were accused of spying for Israel<sup>54</sup>. Earlier, India's Petronet LNG had extended its agreement to purchase 7.5 MMTA of LNG from Qatar Energy, which was due to expire in 2028, for an additional 20 years till 2048<sup>55</sup>.

Red Sea Developments. The Red Sea region remained insecure, with the Houthis continuing their attacks on East-West shipping using anti-ship ballistic missiles, cruise missiles and unmanned aerial vehicles. The damage they caused was generally minor, with only one vessel (Belize-Flagged British-owned bulk carrier MV Rubymar) being damaged seriously enough to force the crew to abandon ship<sup>56</sup>. US CENTCOM carried out strikes on missile launchers and storage sites in Houthi controlled areas in Yemen through the month, but without being able to dissuade the Houthis from continuing with their attacks. The EU announced its own Operation ASPIDES to protect commercial traffic and provide situational awareness on February 19<sup>57</sup>, encompassing the Red Sea to the Persian Gulf and the Northwest Indian Ocean. Four frigates and one

<sup>52</sup> PM and Mauritian PM jointly inaugurate new Airstrip and a jetty at Agalega Island in Mauritius, February 29, 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2010092>

<sup>53</sup> Release of Eight Indian Nationals Detained in Qatar, February 12, 2024,

[https://www.mea.gov.in/press-releases.htm?dtl/37614/Release\\_of\\_eight\\_Indian\\_Nationals\\_detained\\_in\\_Qatar](https://www.mea.gov.in/press-releases.htm?dtl/37614/Release_of_eight_Indian_Nationals_detained_in_Qatar)

<sup>54</sup> Indians Given Death Penalty in Qatar Accused of Spying for Israel, Sources Say, October 27, 2023, <https://www.reuters.com/world/middle-east/indians-given-death-penalty-qatar-accused-spying-israel-sources-say-2023-10-27/>

<sup>55</sup> Petronet LNG Limited Executes Long-term Contract for Purchase of 7.5 MMTA LNG with Qatar Energy, February 6, 2024, <https://petronetlng.in/NewsContent.php?newsid=487>

<sup>56</sup> Feb 18 Summary of Red Sea Activities, <https://www.centcom.mil/MEDIA/PRESS-RELEASES/Press-Release-View/Article/3680410/feb-18-summary-of-red-sea-activities/>

<sup>57</sup> EUNAVFOR Operation Aspides, [https://www.eeas.europa.eu/sites/default/files/documents/2024/EUNAVFOR%20OPERATION%20ASPIDES\\_2024\\_0.pdf](https://www.eeas.europa.eu/sites/default/files/documents/2024/EUNAVFOR%20OPERATION%20ASPIDES_2024_0.pdf)

aerial asset were dedicated to the operation. India, meanwhile, continued its protective operations in the Arabian Sea.

Narcotics Seizure<sup>58</sup>. A coordinated operation between the Indian Navy and the Narcotics Control Board resulted in the apprehension of a suspicious boat and the seizure of 3272 Kg of narcotics on February 26. The boat was towed to the nearest Indian port and the crew and contraband handed over to law enforcement agencies.

MQ-9B Sale to India. The US State Department notified Congress of the intent to sell India 31 MQ-9B Remotely Piloted Aircraft and related equipment for an estimated cost of \$ 3.99 billion<sup>59</sup>. The UAVs will substantially strengthen India's domain awareness capability on both the sea and land.

Commissioning of INS Sandhayak<sup>60</sup>. Hon'ble Raksha Mantri commissioned INS Sandhayak, the first of four Survey Vessels Large being built by GRSE Kolkata, into the Indian Navy at Visakhapatnam on February 3. The ship has an indigenous content of over 80% by cost and is fitted with state-of-the-art survey equipment.

Procurement of Shakti EW Systems<sup>61</sup>. India's Ministry of Defence placed an order on Bharat Electronics Limited (BEL) for 11 Shakti indigenous Electronic Warfare systems along with associated equipment, to be installed on the Visakhapatnam-class destroyers, Nilgiri-class frigates and follow-on Talwar-class frigates. The order was valued at ₹2269.54 crores.

Atmanirbhar Bharat<sup>62</sup>. The Defence Acquisition Council (DAC) accorded Acceptance of Necessity (AON) for capital acquisition proposals amounting to ₹84.560 crores (about \$ 10.2 billion) on February 16. These include the acquisition of heavyweight torpedoes for the Kalvari-class submarines, low frequency active variable depth towed array sonars, follow-on support and

<sup>58</sup> Indian Navy – Narcotics Control Board Anti-Narcotics Operations at Sea, February 28, 2024, <https://indiannavy.nic.in/content/indian-navy-%E2%80%93-narcotics-control-bureau-anti-narcotics-operations-sea>

<sup>59</sup> India – MQ-9B Remotely Piloted Aircraft, February 1, 2024, <https://www.dsca.mil/press-media/major-arms-sales/india-mq-9b-remotely-piloted-aircraft>

<sup>60</sup> PIB, "INS Sandhayak, first Survey Vessel Large ship, commissioned into Indian Navy in the presence of Raksha Mantri in Visakhapatnam, February 01, 2024, [https://pib.gov.in/PressReleaseDetailm.aspx?PRID=2002179#:~:text=INS%20Sandhayak%20\(Yard%203025\)%2C,Visakhapatnam%20on%20February%2003%2C%202024.](https://pib.gov.in/PressReleaseDetailm.aspx?PRID=2002179#:~:text=INS%20Sandhayak%20(Yard%203025)%2C,Visakhapatnam%20on%20February%2003%2C%202024.)

<sup>61</sup> PIB, MoD inks contract worth Rs.2269.54 Cr with BEL to procure 11 Shakti Electronic Warfare Systems for Indian Navy, February 13, 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2005641>

<sup>62</sup> PIB, Aatmanirbhar Bharat: DAC clears capital acquisition proposals worth Rs 84,560 crore to boost the capabilities of the Armed Forces & Indian Coast Guard, February 16, 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2006552>



repair/replenishment support for the MH60R helicopters, and software defined radios for the Coast Guard. Additionally, the DAC also accorded AON for the procurement of Medium Range Reconnaissance and Multi-Mission Maritime Aircraft for the Navy.

India Maldives High Level Core Group Meeting. Meeting in New Delhi on February 2, the India-Maldives High Level Core Group agreed on a set of mutually workable solutions to enable continued operation of the Indian aviation platforms that provide humanitarian and medivac services to the people of the Maldives<sup>63</sup>. The Maldives Press Release records agreement that military personnel for one of the three platforms would be replaced by March 10, while those for the other two would be replaced by May 10<sup>64</sup>.

Acquisition of Submarines by the Philippines. Media reports indicated that President Marcos had approved the third phase of the military's modernisation, which includes purchase of the country's first submarine<sup>65</sup>. This was seen as reflecting a shift in the Philippines' outlook from internal to external defence. France, Korea, Spain and Italy had shown interest in supplying the submarines. President Marcos had, in May 2023, indicated that the plan was under consideration<sup>66</sup>. Submarine operators in ASEAN countries include Singapore, Indonesia, Vietnam and Myanmar.

Australia – Philippines Summit. Philippines President Bong Marcos visited Canberra on February 28-29 to carry forward the Philippines-Australia partnership, which had been upgraded from the comprehensive to the strategic level in September 2023<sup>67</sup>. Agreements signed during the visit included an MOU on Enhanced Maritime Cooperation, another on promoting the open and secure use of cyberspace, and a number of economic agreements. This is a prelude to the special summit with ASEAN to commemorate the 50<sup>th</sup> anniversary of dialogue between ASEAN and Australia.

<sup>63</sup> Second Meeting of the India-Maldives High level Core Group, February 02, 2024, [https://www.mea.gov.in/press-releases.htm?dtl/37561/Second\\_meeting\\_of\\_the\\_IndiaMaldives\\_High\\_Level\\_Core\\_Group](https://www.mea.gov.in/press-releases.htm?dtl/37561/Second_meeting_of_the_IndiaMaldives_High_Level_Core_Group).

<sup>64</sup> Maldives Ministry of Foreign Affairs Press Release, February 2, 2024, <https://foreign.gov.mv/index.php/en/media-center/news/press-release-2024-pr-26>

<sup>65</sup> "Philippines plans to buy submarines to defence sovereignty in South China Sea – senior official", February 1, 2024, <https://www.reuters.com/world/asia-pacific/philippines-plans-buy-submarines-defend-sovereignty-south-china-sea-senior-2024-02-01/>

<sup>66</sup> Submarine acquisition still part of PH defense plan, says PBBM, May 26, 2023, [https://pco.gov.ph/news\\_releases/submarine-acquisition-still-part-of-ph-defense-plan-says-pbbm/](https://pco.gov.ph/news_releases/submarine-acquisition-still-part-of-ph-defense-plan-says-pbbm/)

<sup>67</sup> Joint Declaration on a Strategic Partnership between the Republic of Philippines and the Commonwealth of Australia, September 08, 2023, <https://www.dfat.gov.au/sites/default/files/joint-declaration-strategic-partnership-between-philippines-australia.pdf>

Australian Developments. Four developments pertaining to Australia's continuing strengthening of its defence capability drew interest. In the first, Australia released its blueprint for a larger and more lethal surface combatant fleet for the Royal Australian Navy, more than doubling its size as compared to the present plan<sup>68</sup>. The future fleet will comprise 26 major surface combatants, including three Hobart-class destroyers with upgraded capability; six Hunter-class frigates, 11 new general-purpose frigates and six new large optionally crewed surface vessels (LOSVs). The plan also called for 25 minor war vessels, including six Offshore Patrol Vessels, to contribute to civil maritime security operations. The estimated cost for this fleet was A\$54.2 billion, spread over the next decade. In the second, the Australian Government released a comprehensive Defence Industry Development Strategy on February 29<sup>69</sup>. In the third, 37 Australian naval officers and sailors proceeded to Guam for a five-month attachment on board USS Emory Land, to learn first-hand how the USN maintains its SSNs<sup>70</sup>. Fourth, AUKUS defence scientists tested robotic vehicles for AUKUS Pillar II in South Australia<sup>71</sup>.

Raisina Dialogue<sup>72</sup>. India's Ministry of External Affairs partnered the Observer Research Foundation to host the 9<sup>th</sup> Edition of the Raisina Dialogue from February 21 to 23 in New Delhi. The dialogue focused on four dimensions of the ancient Indian Strategy game of Chaturanga: Conflict, Contest, Cooperate and Create. It was inaugurated by Prime Minister Narendra Modi and Greek Prime Minister Kyriakos Mitsotakis, on his first state visit to India. Its thematic pillars encompassed Tech Frontiers, Peace with the Planet, War & Peace, Decolonising Multilateralism, The Post-2030 Agenda, and Defending Democracy.

Munich Security Conference<sup>73</sup>. The 60<sup>th</sup> edition of the Munich Security Conference (MSC) 2024 took place from February 16 - 18. Discussions were centred around Global Security Challenges, International Order, Regional

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<sup>68</sup> Navy's Enhanced Lethality Surface Combatant Fleet, February 20, 2024, <https://www.minister.defence.gov.au/media-releases/2024-02-20/navys-enhanced-lethality-surface-combatant-fleet>

<sup>69</sup> Defence Industry Development Strategy, <https://www.defence.gov.au/sites/default/files/2024-02/Defence-Industry-Development-Strategy.pdf>

<sup>70</sup> Navy Sailors Travel to Guam to Embed with United States Sailors, February 4, 2024, <https://www.minister.defence.gov.au/media-releases/2024-02-04/navy-sailors-travel-guam-embed-united-states-sailors>

<sup>71</sup> AUKUS Defense Scientists Test Robotic Vehicles, February 5, 2024, <https://www.defense.gov/News/Releases/Release/Article/3666171/aukus-defense-scientists-test-robotic-vehicles/>

<sup>72</sup> Raisina Dialogue, February 21-23, 2024, <https://www.orfonline.org/forums/raisina-dialogue>

<sup>73</sup> Munich Security Conference, February 16-18, 2024, <https://securityconference.org/en/msc-2024/>

Conflicts and Crises and Europe in the World. India's External Affairs Minister Dr S Jaishankar participated in a panel discussion on "Gowing the Pie: Seizing Shared Opportunities" with his American and German counterparts.

USN Appointments. V Adm George Wikoff assumed command of the US 5<sup>th</sup> Fleet, relieving V Adm Brad Cooper, on February 01<sup>74</sup>. V Adm Fred W Kacher relieved V Adm Karl O Thomas to become the 54<sup>th</sup> commander of the US 7<sup>th</sup> Fleet on February 15<sup>75</sup>. The confirmation hearing for Admiral Samuel J Paparo, the Nominee for Commander, US Indo-Pacific Command, was held on February 1<sup>76</sup>.

Quad Bill. In a near-unanimous vote, the US House of Representatives passed the Quad Bill, requiring a strategy for bolstering engagement between the Quad partners and seeking the establishment of a Quad Intra-Parliamentary Working Group on February 16<sup>77</sup>. The Bill was introduced in the House on August 09, 2023. It now goes to the Senate for consideration.

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<sup>74</sup> Cooper Hands Over Command of US 5<sup>th</sup> Fleet to Wikoff, February 1, 2024, <https://www.cusnc.navy.mil/Media/News/Display/Article/3662845/cooper-hands-over-command-of-us-5th-fleet-to-wikoff/>

<sup>75</sup> US Seventh Fleet Holds Change of Command, Welcomes New Fleet Commander, February 15, 2024, <https://www.c7f.navy.mil/Media/News/Display/Article/3677715/us-7th-fleet-holds-change-of-command-welcomes-new-commander/>

<sup>76</sup> Advance Policy Questions for Admiral Samuel J Paparo, USN, Nominee for Commander, US Indo-Pacific Command, [https://www.armed-services.senate.gov/imo/media/doc/paparo\\_apg\\_responses.pdf](https://www.armed-services.senate.gov/imo/media/doc/paparo_apg_responses.pdf)

<sup>77</sup> HR 5375, <https://www.congress.gov/118/bills/hr5375/BILLS-118hr5375eh.pdf>



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