



Delhi Policy Group

Advancing India's Rise as a Leading Power

DPG POLICY BRIEF

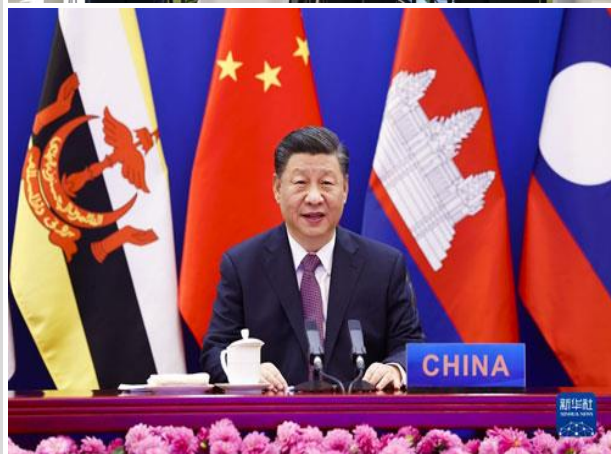
The Indo-Pacific in 2021

Author

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Prime Ministers Yoshihide Suga, Narendra Modi and Scott Morrison with President Joe Biden at the White House during the Quad Summit, September 24, 2021. Source: The White House.

Chinese President Xi Jinping chairing the ASEAN – China Special Summit, November 22, 2021. Source: Ministry of Foreign Affairs of the People's Republic of China

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by
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The Indo-Pacific in 2021

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Introduction

"The future of the Indo-Pacific lies in a complex range of forces interacting on a continuous basis"¹, says Dr S. Jaishankar, India's External Affairs Minister. He adds, "For India, it will be an important element of its relationships with China and its partnership with the West". As a new year begins, the salience of the region predicates taking stock of what has happened in the year gone by, determining where we stand and what lies ahead.

In late 2017, President Trump's decision to "confront China's unfair trade practices and uphold the rule of law, individual rights and the freedoms of navigation and overflight"² was the opening salvo in declaring the start of geopolitical competition in the Indo-Pacific. He also signed off on a new US National Security Strategy and renamed of the US Pacific Command as the Indo-Pacific Command. A bipartisan consensus regarding China's misdemeanours ensured that this competition has since not only continued but has also become more entrenched in 2021.

On the one side has been China, seeking to increase the Communist Party's control over every aspect of domestic society and political economy; subdue nations on its periphery; cement its position as the world's dominant industrial and trading power; weaken, if not eliminate, potential opposition such as the US alliance in East Asia and India in South Asia; and reshape the global system and institutions in its favour. China's aim is to establish a "community with a shared future for mankind" (a euphemism for a China-determined and directed order) and a bipolar world with a politically subordinated, unipolar Asia. On the other stands the US, seeking to preserve its primacy and the liberal global order it created, protect the homeland and its Asian beachheads from military challenges, advance American prosperity and influence, and contain the rise of a peer competitor in the strategically important region of the Indo-Pacific littoral and maritime.

¹ S Jaishankar, "The India Way: Strategies for an Uncertain World", September 2020, P 175

² Remarks by President Trump at APEC CEO Summit, November 10, 2017, <https://asean.usmission.gov/remarks-president-trump-apec-ceo-summit-da-nang-vietnam/>

A host of common challenges including the Covid-19 pandemic, globalisation induced economic interdependence, climate change, rising territorial tensions, growing terrorism and radicalism, and massive but unregulated advances in artificial intelligence, autonomous weapon technologies, quantum technology, hypersonics, cyber warfare and bio-technology have complicated the situation for both protagonists and left existing global institutions manifestly unable to cope.



Prime Ministers Yoshihide Suga, Narendra Modi and Scott Morrison with President Joe Biden at the White House during the Quad Summit, September 24, 2021.

Source: Prime Minister's Office, India

Other significant players in this competition have been Russia, France and the UK, permanent members of the UN Security Council with global interests; India, Asia's other rising power, seeking its own place in the world; Japan, a key US ally and economic heavyweight in its own right; Australia, a reliable Anglophone camp follower and US ally; and the economic centres of the European Union and ASEAN.

The Indo-Pacific littoral has been the central object of attempts by China and the US to exercise influence and dominance, with its maritime linking "the most populous and economically dynamic part of the world"³ with existing and emerging centres of wealth and power.

³ National Security Strategy of the United States of America, December 2017,

The United States

The Biden administration assumed office in January 2021 with a commitment to repair alliances and lead the world “not merely by the example of our power, but by the power of our example”⁴. President Biden’s Interim National Security Strategic Guidance prioritised dealing with transnational threats requiring collective response, challenges to democracies from authoritarian powers (essentially China and Russia), modernisation of international architectures for cooperation, and addressing challenges from emerging technologies⁵. The Indo-Pacific was identified as the focal theatre, followed by Europe and the Middle East.

A flurry of diplomatic activity focused on these four objectives, including renewing disturbed relationships with Japan and South Korea, reassuring India, signing the New Atlantic Charter with the UK, re-engaging with the G-7, the EU and NATO, and outreach to ASEAN, followed. The Quadrilateral Security Dialogue (Quad) was transformed from a forum for discussion into a Leaders’ Summit in March 2021, championing a region rules based order and focused on deliverables ranging from pandemic response to climate change, transnational threats to emerging technologies. An in-person summit in September further expanded areas of cooperation, setting out an ambitious and wide-ranging action plan. A new alliance between Australia, the UK and the US was unveiled in September 2021, firmly cementing Australia’s position as the new US forward base in the region⁶.

US outreach to China at a high profile meeting in Anchorage on March 18 & 19, 2021, which was intended to manage the challenge of geopolitical competition, however, provided an opportunity for the latter to display its wolf-warrior response and lay down ‘red lines’ pertaining to CCP rule in China and US interference in Taiwan, Hong Kong, Xinjiang and Tibet, among others. Secretary of State Antony Blinken was circumspect in describing the US-China relationship as having cooperative, competitive and adversarial aspects.

This was followed by a disastrous, precipitated and poorly executed US withdrawal from Afghanistan, severely impacting the credibility of President Biden’s rhetorical posturing and the image of the US military. With that, the US

⁴ Inaugural Address by President Joseph R. Biden, Jr., January 20, 2021, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/01/20/inaugural-address-by-president-joseph-r-biden-jr/>

⁵ Interim National Security Strategic Guidance, <https://www.whitehouse.gov/wp-content/uploads/2021/03/NSC-1v2.pdf>

⁶ Joint Leaders’ Statement on AUKUS, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/09/15/joint-leaders-statement-on-aukus/>

also exited from its only footprint in Mackinder's "World Island", the Eurasian heartland, ceding enormous strategic space for Russia, China and other to fill.

As 2022 begins, the US continues to grapple with domestic turmoil and polarisation, which could potentially see the Democrats lose control of both the House and the Senate, circumscribing President Biden's ability to achieve any meaningful policy outcomes at home or abroad. Biden's efforts to rally European allies in a united effort against Russia over Ukraine are poised precariously. This does not augur well for US efforts to bridge the gaps between Russia's stated core security concerns, NATO's open door policy and the EU's need for Russian energy. A US-led economic framework to bind the Indo-Pacific and counter China's dominance is still under development. Meanwhile, on the technology front, the US may be falling behind in critical areas, including hypersonics, 5G and AI.

Development of a comprehensive US national security strategy, a resourced Indo-Pacific strategy and a China strategy remains work in progress. Some contours, however, have become visible. These encompass the following elements:-

- Steps to secure the homeland and Pacific territories from a surprise attack, including allocation in NDAA 2022 of \$ 7.1 billion for the Pacific Deterrence Initiative to improve the current posture, capabilities and activities of US forces in the Indo-Pacific (Congressional approval of appropriations to enable utilisation of this allocation, however, is still held up), hardening of bases within strike range of China's conventional missiles, and enhancement of basing options, including in the Philippines and Australia.
- Modification, along with allies, of the hard security architecture for the region, including through the AUKUS. The deployment of the UK's CSG 21 to the region, the RAA agreement between Australia and Japan, similar agreements being negotiated between Japan and France, Japan and UK; revision of the NATO Charter and the increased presence of European countries in the region are other indicators of a new architecture being shaped. The substantial increase in USN forward presence in the region indicates that the much-heralded pivot to Asia has begun.
- A focus on the East and South China Seas, presently the most contested parts of the Indo-Pacific. Capable allies in the former are receiving greater attention, as is the defence of Taiwan. The focus is on

maintaining a presence to reassure nations of the region and greater engagement with Singapore, Vietnam, the Philippines and Indonesia.

- A new Indo-Pacific economic framework under preparation was highlighted by Secretary Blinken during his visit to Indonesia in December 2021. It encompasses trade facilitation, standards for the digital economy and technology, supply chain resiliency, decarbonisation and clean energy, infrastructure and labour standards. There is, however, no sign of the US joining the CPTPP.
- There is recognition of the need to stay ahead of China in six key areas: artificial intelligence, quantum technologies, bio-tech, hypersonics, directed energy weapons and lethal autonomous systems.

Dissonance between competing priorities is reflected in budgetary allocations in the National Defense Authorisation Act 2022, with the Congress interceding to increase funding for capability accretion. The defense appropriation bill, which would enable appropriation of money to programmes approved by NDAA 2022, however, remains stuck in Congress, with day to day expenses being met through a Continuing Resolution, which freezes expenditure at least year's funding⁷. US forward presence in the Indo-Pacific has grown: at the time of writing, three Carrier Strike Groups (the USS Ronald Reagan, undergoing winter maintenance, the USS Carl Vinson and the USS Abraham Lincoln) as well as an Expeditionary Strike Group and an Amphibious Ready Group are in the Western Pacific, to guard against China's using Ukraine distractions to move on Taiwan.

China

China, on the other hand, appears to be on the top of its domestic game, with the Communist Party's Central Committee unanimously adopting a resolution revising China's official history over the last 100 years and "resolutely upholding Comrade Xi Jinping's core position on the Central Committee and in the Party as a whole"⁸. The resolution will enable President Xi Jinping to position allies in the ranks of the new party central committee in 2022 and his continuance as China's undisputed leader. China's economy continues to grow. According to the World Bank, GDP expanded by an estimated 8% in 2021,

⁷ Pentagon says full-year CR would cut its 2022 spending by more than \$ 20B, <https://federalnewsnetwork.com/defense-main/2022/01/pentagon-says-full-year-cr-would-cut-its-2022-spending-by-more-than-20b/>

⁸ Communiqué of the Sixth Plenary Session of the 19th Central Committee of the Communist Party of China, Adopted on November 11, 2021, http://www.news.cn/english/2021-11/11/c_1310305166.htm

output was about 8% above the pre-pandemic level by the end of the year, and urban unemployment had declined to 5%⁹. Growth forecasts for 2022 and 2023, however, are 5.1% and 5.3% respectively¹⁰, due to pandemic restrictions and the impact of tighter regulation on some sectors of the economy. The World Bank highlights the possibility of a prolonged downturn in the property sector and its potential effects on house prices, consumer spending and local government financing¹¹. Protests in Xinjiang and Tibet have been brutally suppressed, while Hong Kong has been effectively absorbed despite an international outcry against dilution of democratic freedoms.



ASEAN Leaders and President Xi Jinping at the ASEAN – China Special Summit on November 22, 2021. Source: ASEAN

Pacification of China's periphery has also been reasonably successful. A new Law came into effect in February 2021, enabling China's Coast Guard to use force to protect perceived interests and enforce Chinese law, including in disputed areas. A maritime traffic safety law came into effect in September 2021, requiring submarines and ships carrying nuclear material sailing into China's claimed waters to notify China in advance. That such a law violates treaty commitments under UNCLOS does not matter. China was able to prevent Taiwan's being invited to attend WHO deliberations as an observer, entice Nicaragua to break diplomatic relations with Taiwan, and maintain coercive military pressure through some 950 intrusions by PLAAF aircraft into

⁹ World Bank Report on Global Economic Prospects, January 2022, P 4.

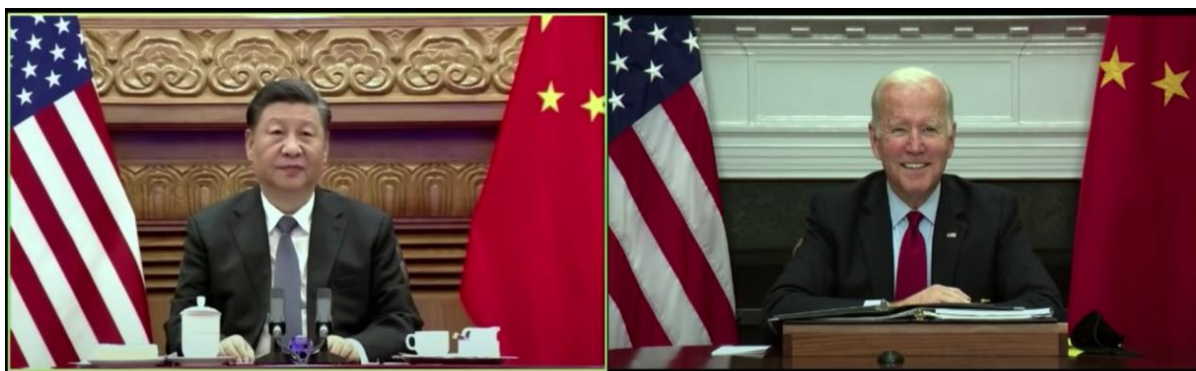
<https://openknowledge.worldbank.org/bitstream/handle/10986/36519/9781464817601.pdf>

¹⁰ Ibid, P 4

¹¹ Ibid, P 14

Taiwan's ADIZ during the year gone by¹². The PLA maritime militia occupied Whitsun Reef in April 2021, and the Second Thomas Shoal later in the year. Pressure on the Senkaku Islands through frequent encroachment by Chinese fishing vessels and attempts by the Chinese Coast Guard to drive away Japanese fishing vessels continues. Even Indonesia, not a party to the South China Sea dispute, felt the impact during 2021, with Chinese fishing boats frequently coming into the Natuna Sea and survey vessels gathering information in Indonesian waters and straits. In South Asia, China continued its encroachment along India's boundary in Eastern Ladakh, with 14 rounds of Corps Commander level talks so far unable to resolve the impasse.

Only three nations stood up to Chinese coercive pressure in 2021: India to military coercion in Eastern Ladakh, and Australia and Lithuania to economic coercion.



Presidents Xi Jinping and Joe Biden at their Virtual Summit on November 15/16, 2021.

Source: Youtube (@WhiteHouse)

Technological advancement continues apace. China appears to have taken the lead in hypersonic technology, 5G, AI and high speed rail transportation, and has a space station under construction. Military modernisation and enhancement of naval strength continues at an unprecedented pace: one Jin-class SSBN, Four Type 055 and seven Type 052D class destroyers, two Type 075 LHDs and six Type 056A Corvettes have been commissioned into the PLA (N) in 2021. Land-based nuclear capability is also being expanded.

Continued economic growth enables China to incentivise less developed countries in Asia and Africa through trade and investment, expanding China's influence. At the Special Commemorative Summit to mark the 30th anniversary of ASEAN-China relations, President Xi offered ASEAN \$ 1.5 billion in development assistance and to help fight the pandemic, as well as a

¹² "Taiwan Braces for More Chinese Warplane Flybys in 2022 After Patrols Double, Bloomberg News, December 27, 2021, <https://www.bloomberg.com/news/articles/2021-12-27/taiwan-girds-for-more-china-flybys-in-2022-after-patrols-double>

commitment to purchase \$ 150 billion worth of agricultural products over the next five years¹³. Similarly, at the Forum for China-Africa Cooperation, he offered more than \$ 30 billion in aid and the incentive of purchasing \$100 billion worth of agricultural produce each year for the next three years¹⁴.

China's links with Russia are strengthening. Presidents Putin and Xi met at a virtual summit in December 2021 and committed to meeting in person in February 2022¹⁵. Trade between the two countries had exceeded \$ 123 billion during the period January – November 2021 and was poised to top the \$ 200 billion mark shortly¹⁶. Exercises between the Russian, Chinese and Iranian navies in the Indian Ocean appear to have become an annual feature. In sum, President Xi Jinping has been able to advance China's "core interests" through grey zone coercion while remaining below the threshold of conflict. His by and large successful strategy can be expected to continue into the next year.

India

As a middle power with regional ambitions, India's strategic priorities must be maintaining internal policy coherence, enhancing its comprehensive national power, building stronger partnerships with consequential nations, strengthening links in the neighbourhood, safeguarding its security interests, and avoiding conflict. India did well on all counts through 2021.

India remained stable under Prime Minister Modi's strong leadership, with no serious political challenge to the BJP-led central government till the next elections due in May 2024. Both J&K and the North East were relatively stable. Left wing extremism in India's Red Corridor appears to be quiescent, though pockets of concern remain. The divisive political agitations of 2020-2021 have been put behind. Concessions towards agitating farmers may have set back much-needed agricultural reform, but have also ensured that their agitation does not remain an unmanageable distraction.

India's post-pandemic economy is on the road to recovery. The World Bank estimates that India's real GDP grew by 8.3% in 2021 and forecasts growth at

¹³ Speech by President Xi Jinping, "For a Shared Future and our Common Home", November 22, 2021, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1919473.shtml

¹⁴ Keynote Speech by President Xi Jinping, "Uphold the Tradition of Always Standing Together in the New Era With a Shared Future and Joint Build a China Africa Community", November 29, 2021, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/202111/t20211129_10458609.html

¹⁵ "Talks With President of China Xi Jinping", <http://en.kremlin.ru/catalog/persons/351/events/67364>

¹⁶ Ibid.

8.7% in 2022 and 6.8% in 2023¹⁷. IMF projections are even higher, at 9% for 2022 and 7.1% for 2023¹⁸. An effective Covid-19 vaccination campaign helped: as of January 26, 2022, over 1.63 billion doses of the vaccine had been administered in the less than one year since vaccinations began¹⁹. Reserves and manufacturing capacity are sufficient to cover the entire population and provide a substantial surplus for export. The Omicron variant had caused a spike in the caseload towards mid-January 2022, but the number of cases was trending downward at the time of writing. A number of bilateral Free Trade Agreements are being negotiated, including with Australia, Canada, the UK, and the UAE. Economic confidence was reflected in Prime Minister Narendra Modi's 'State of the World' address at Davos, where he invited business leaders from across the world to invest in India's growth²⁰.



President Vladimir Putin and Prime Minister Narendra Modi meet in New Delhi for the India – Russia Summit, December 6, 2021. Source: PIB

¹⁷ World Bank Report on Global Economic Prospects, January 2022, P 4.

<https://openknowledge.worldbank.org/bitstream/handle/10986/36519/9781464817601.pdf>

¹⁸ Latest World Economic Outlook Growth Projections,

<https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>

¹⁹ India's Cumulative COVID-19 Vaccination Coverage Exceeds 163.58 Cr.,

<https://pib.gov.in/PressReleasePage.aspx?PRID=1792716>

²⁰ Prime Minister's 'State of the World' address at World Economic Forum, Davos Summit, January 17, 2022, http://mea.gov.in/Speeches-Statements.htm?dtl/34754/Prime_Ministers_State_of_the_World_address_at_World_Economic_Forum_Davos_Summit

Limitations in India's defence industrial capacity and technological base are also being addressed, through measures like the corporatisation of ordnance factories and private sector incentives like an embargo on import of specified defence items and platforms. Some of these, such as cancellation of procurement of additional P-8I aircraft and some types of helicopters and UAVs, may harm short term military preparedness. On the other hand, announcement of the sale of Brahmos missiles to the Philippines is a boost for India's defence industry. Reform of the country's military structures is work in progress, though the untimely death of General Bipin Rawat in a helicopter crash towards the end of 2021 is a setback. A National Security Strategy, however, continues to be conspicuous by its absence.

Five neighbourhood challenges occupied centre-stage in India's strategic calculus. The border standoff with China continued throughout 2021, resulting in a decisive shift in India's external threat perceptions. India has effectively managed China's coercive attempt to change the territorial status quo without allowing the situation to spiral out of control. It appears to have understood that agreements are effective only when backed by deterrence, and that deterrence goes hand in hand with domain awareness and the constant ability to prevent an adversary from achieving expansionist objectives. Rolling back territorial gains, especially when dealing with a much larger neighbour, becomes a well-nigh impossible prospect.

The US withdrawal from Afghanistan has allowed Islamic extremism to expand its foothold in the Af-Pak region, with India withdrawing its Embassy in Kabul as the Pakistani-backed Taliban wrested power, with its murderous Haqqani faction playing a central role. But by December 2021, India had re-commenced medical aid to Afghanistan²¹, with a second tranche being shipped on January 1, 2022²² and a third on January 7²³. Iran is reported to have offered to cooperate in shipping Indian aid (wheat and medicines) to Afghanistan even as Pakistan continues to create hurdles in allowing the transit of these

²¹ Evacuation of Indians and Afghans under 'Operation Devi Shakti' and shipment of humanitarian assistance for the people of Afghanistan, http://mea.gov.in/press-releases.htm?dtl/34643/Evacuation_of_Indians_and_Afghans_under_Operation_Devi_Shakti_and_shipment_of_humanitarian_assistance_for_the_people_of_Afghanistan

²² India supplies next batch of humanitarian assistance to Afghanistan, http://mea.gov.in/press-releases.htm?dtl/34737/India_supplies_next_batch_of_humanitarian_assistance_to_Afghanistan

²³ India delivers next batch of medical assistance to Afghanistan, http://mea.gov.in/press-releases.htm?dtl/34744/India_delivers_next_batch_of_medical_assistance_to_Afghanistan

humanitarian supplies²⁴. Reliable connectivity to Central Asia and beyond remains an even more distant prospect.



'Agni P', the new generation nuclear capable ballistic missile, tested by the Defence Research and Development Organisation (DRDO) from Dr APJ Abdul Kalam island off the coast of Odisha, December 18, 2021. Source: Press Information Bureau.

²⁴ Iran to cooperate with India in shipping wheat, medicines to Afghanistan, <https://www.hindustantimes.com/india-news/iran-to-cooperate-with-india-in-shipping-wheat-medicines-to-afghanistan-101641738623015.html>

Concerns about cross-border terrorism from Pakistan continue, but India's approach to dealing with this has evolved. Having been disappointed time and again, India is no longer willing to offer concessions in return for peace. Kashmir is no more a matter for negotiation; India has displayed the intent to respond to cross-border attacks with military force. In fact, in November 2021, its representative in the UNSC vowed to continue taking "firm and decisive steps to respond to cross-border terrorism" from Pakistan at the UNSC²⁵. Meanwhile, India continues to advocate effective international action to deal with Pakistan's cross border terrorism.

In Myanmar, the military coup in February 2021 drew widespread condemnation. India did not join the West in calling for isolation of the Tatmadaw, putting its weight instead behind the ASEAN five point plan. Foreign Secretary Harsh Vardhan Shringla visited Myanmar in December 2021 and handed over a million doses of COVID-19 vaccines while announcing a grant of 10,000 tonnes of wheat and rice. His discussions encompassed Myanmar's return to democracy, humanitarian aspects, connectivity and development projects, and India's security concerns, including the militant ambush at Churachandpur, Mizoram²⁶. India must continue along the path of trying to convince Myanmar's military leadership of the benefits of returning to democracy without jeopardising this vital relationship.

The Indian Ocean remained stable, with challenges limited to governance (attacks on merchant shipping off the Arabian Peninsula and in the Persian Gulf were largely left to the US to handle. This stability allowed India to focus on continental challenges, limiting its action at sea to humanitarian and economic initiatives, while signalling its wider military capabilities through participation in exercises such as RIMPAC, MALABAR, SEA DRAGON, AUSINDEX, JIMEX, KONKAN, VARUNA and the deployment of INS Tabar to St Petersburg. Budgetary compulsions and the continental focus continue to cause a shortfall in the development of India's maritime capability, with budgetary allocations for the IN remaining below 14% of the Defence Budget. As India steps up its security partnerships with the US, France, Australia, Japan, the UK, Africa, the Gulf countries and Southeast Asia, it will have to pay greater

²⁵ UNSC Ministerial Meeting 29th Anniversary of Security Council Resolution 1373 (2020) and the establishment of the Counter Terrorism Committee: Achievements in international cooperation, challenges and opportunities, Statement by External Affairs Minister of India Dr. S. Jaishankar, <https://pminewyork.gov.in/IndiaatUNSC?id=NDEzNw,,>

²⁶ Visit of Foreign Secretary Shri Harsh Vardhan Shringla to Myanmar, http://mea.gov.in/press-releases.htm?dtl/34723/Visit_of_Foreign_Secretary_Shri_Harsh_Vardhan_Shringla_to_Myanmar_December_2223_2021

attention to the maritime space or face the consequences from China's burgeoning power.



INS Visakhapatnam, first of the indigenous P15B stealth Guided Missile destroyers being built at Mazagon Dock delivered to the Indian Navy, October 28, 2021. Source: Indian Navy

Japan

An advanced economic, industrial and technological giant with a strong Self Defence Force, Japan's regional influence is handicapped due to its self-imposed constitutional limitations. Its concerns with China's revisionism include the declaration of an ADIZ in the East China Sea and constant attempts to challenge Japan's control of the Senkaku Islands. It has also witnessed China's revisionism in Taiwan, Hong Kong and the South China Sea. Although former Prime Minister Shinzo Abe conceptualised a response by way of the 'Democratic Security Diamond' and the 'Free and Open Indo-Pacific' construct as far back as in 2012, economic benefits derived from China's market have remained the flip side to Japan's security dependence on the US, and this has hitherto tempered Japan's public position regarding China. 2021 witnessed a perceptible change.

In January 2021, Japan joined the US, UK, France, Germany and South East Asian countries in rejecting China's position that the "drawing of territorial sea baselines by China on relevant islands and reefs in the South China Sea conforms to UNCLOS and general international law"²⁷ (the legal position underlying this determination was put out by the US State Department in January 2022²⁸). In April, Japan spurned China's warnings²⁹ regarding its obligations to fulfil the Japan-China Treaty of Peace and Friendship while going ahead with the 2021 Biden-Suga Summit. The Summit itself recommitted both countries to an indelible alliance committed to forging a free and open Indo-Pacific, in support of a shared vision based on universal values and common principles³⁰. In what China perceived as an affront, the Summit Joint Statement expressed concern about "Chinese activities that are inconsistent with the international rules based order, including the use of economic and other forms of coercion"³¹. It also, for the first time, underscored the importance of peace and stability across the Taiwan Straits³².

Two months later, then Prime Minister Suga drew China's ire by referring to Taiwan as a country during a speech to the Diet³³. While releasing Japan's 2021 Defense White Paper in July, Kishi Nobuo, Japan's Defence Minister, expressed concern about China's continued unilateral attempts to change the status quo in the East and South China Seas³⁴. The paper identified stabilising the situation surrounding Taiwan as important for Japan's own security. Japan intensified its participation in exercises with the US as well as other partners,

²⁷ Note from Japan's Permanent Mission in the UN to the Secretary General, January 19, 2021, https://www.un.org/Depts/los/clcs_new/submissions_files/mys_12_12_2019/20210119JpnNyUn001OLA202000373.pdf?fbclid=IwAR1cMQ0H4psI2gqv7hO8auxIeEwBXRa0a2w28a4vE9jMS8oLRioPVevOE6I

²⁸ US Department of State Bureau of Oceans and International Environmental and Scientific Affairs Limits in the Seas No. 150, "People's Republic of China: Maritime Claims in the South China Sea", <https://www.state.gov/wp-content/uploads/2022/01/LIS150-SCS.pdf>

²⁹ Wang Yi Speaks with Japanese Foreign Minister Toshimitsu Motegi on the Phone, https://www.fmprc.gov.cn/mfa_eng/wjzb_663304/wjzb_663308/activities_663312/t1867100.shtml

³⁰ US-Japan Joint Leaders' Statement: "US-Japan Global Partnership for a new Era", <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/16/u-s-japan-joint-leaders-statement-u-s-japan-global-partnership-for-a-new-era/>

³¹ US – Japan Joint Leaders' Statement: "U.S. – JAPAN GLOBAL PARTNERSHIP FOR A NEW ERA", <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/16/u-s-japan-joint-leaders-statement-u-s-japan-global-partnership-for-a-new-era/>

³² Ibid.

³³ Foreign Ministry Spokesperson Wang Wenbin's Regular Press Conference on June 10, 2021, https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1882905.shtml

³⁴ 2021 Defense of Japan, https://www.mod.go.jp/en/publ/w_paper/wp2021/DOJ2021_Digest_EN.pdf

including in the Eastern Indian Ocean through Exercise Malabar, the exercise with CSG-21 in October, and JIMEX 2021.



Prime Minister Fumio Kishida Reviews Japanese Troops on the Anniversary of the Establishment of the Japanese Self Defence Force, November 27, 2021. Source: Kantei.go.jp

The Kishida government came into office in November and has intensified the security hard line while continuing with economic relations with China. It has committed to revising Japan's national defence strategy and national defence policy guidelines during the current year, and to increased defence expenditure. There are no indicators at present of movement towards constitutional revision or a relook at Article 9 commitments. Japan signed a Reciprocal Access Agreement with Australia in January 2022 and followed up by recommitting to its alliance with the US during the Biden Kishida virtual summit.

Australia

In November 2020, a Chinese diplomat at the embassy in Canberra had handed over a 14-point list of China's grievances to an Australian reporter, resulting in toughening of Australia's position on each of the 14 points and sending bilateral relations into a tailspin. This deep freeze continued through 2021 as Australia focused increasing attention on security issues. China's trade restrictions on Australian products raised the prospect of a partial decoupling of economic ties. But China's dependence on Australian iron ore (valued at

about half of Australia's total exports to China), coal, gas and agricultural products, along with education and tourism, meant that the cost incurred by Australia was relatively limited. On the other hand, concerned by China's increasingly aggressive behaviour in the Indo-Pacific, Australia hardened its security stance and turned to diversifying its trade partnerships.

Shedding its balanced stance on US-China issues, Australia adopted a two-track approach to counter China's growing influence in the region. The first track was AUKUS³⁵, which effectively turned Australia into a future forward operating base for the US³⁶. The price was transfer to Australia of nuclear-propulsion technology for submarines. Other focal areas of AUKUS included cyber capabilities, artificial intelligence, quantum technologies, additional undersea capabilities, and cooperation in developing a range of missiles, including hypersonic missiles, to be produced on Australian soil³⁷. But this came at a cost, by way of a sharp downturn in Australia-France relations. There was progress on the conclusion of a Reciprocal Access Agreement (RAA) with Japan³⁸. Once the modalities of the RAA are worked out, it will enable positioning of Australian military personnel on Japanese soil, including in the event of an anticipated Taiwan contingency. The second track was diplomatic initiatives to enhance influence, including through the Quad Summit and dialogue with ASEAN, as well as 2+2 dialogues with India, Indonesia, Japan, South Korea and the US.

While Australia's focal area remained the Western and Southern Pacific, there was greater outreach to India on both the economic and maritime fronts. An early harvest trade agreement is nearing finalisation. General elections, due by May 2022, will determine Australia's future direction. Dissatisfaction regarding the way PM Scott Morrison has handled the Omicron-driven coronavirus outbreak, as also the economy and jobs, may see Labour returning to power, but Australia's security track is unlikely to change.

³⁵ For an analysis of this agreement, see Lalit Kapur, "The AUKUS Alliance: Return to the Past?", <https://www.delhipolicygroup.org/publication/policy-briefs/the-aukus-alliance-return-to-the-past.html>

³⁶ For a more detailed elaboration on AUKUS, see Lalit Kapur, "The AUKUS Alliance: Return to the Past", https://www.delhipolicygroup.org/uploads_dpg/publication_file/the-aukus-alliance-return-to-the-past-2886.pdf

³⁷ Media Statement by Australia's Prime Minister, Defence Minister and Foreign Minister, September 16, 2021, <https://www.pm.gov.au/media/australia-pursue-nuclear-powered-submarines-through-new-trilateral-enhanced-security>

³⁸ Agreement between Japan and Australia concerning the facilitation of reciprocal access and cooperation between the self-defence forces of Japan and the Australian Defence Force, <https://www.mofa.go.jp/files/100283786.pdf>

Other Stakeholders

France continues to retain a military presence in the Indian Ocean by way of facilities in Abu Dhabi, Djibouti and Reunion. Links with India continued to grow, with delivery of Rafale aircraft nearing completion and two Scorpene submarines built by MDL joining the Indian Navy in 2021. French maritime presence in the Indian Ocean was demonstrated through Exercise Varuna in April 2021, and deployment of the SSN Emeraude as well as training mission Jeanne D'Arc into the Indo-Pacific. The third and final referendum in New Caledonia in December 2021 resulted in voters overwhelmingly rejecting the independence option, though turnout was below 44%. The disappointment of losing Australia's lucrative submarine contract led to a setback for the developing India-Australia-France trilateral, and France-Australia relations went into deep freeze. However, territorial and EEZ interests will ensure that France remains engaged in the region for the foreseeable future. A 2+2 dialogue between France and Japan in January 2022 rounded off the year.

Prime Ministers Narendra Modi and Boris Johnson agreed on a common vision for a new and transformational India-UK partnership in June 2021 which, inter alia, would enhance bilateral defence and security cooperation. The UK returned to the Indo-Pacific through Operation FORTIS, the maiden deployment of the HMS Queen Elizabeth Strike Group to the Indian Ocean and Western Pacific from July–October 2021. The Strike Group included integrated US forces, including F-35B aircraft and USS The Solomons. It exercised extensively with India, Japan, Australia and the US during its deployment, with HMS Richmond even conducting a Taiwan Strait transit on September 27, 2021. UK also entered into the AUKUS Agreement and upgraded its relations with Japan. Negotiations for a Japan-UK Reciprocal Access Agreement began in October 2021³⁹. Global Britain's aspiration to play a larger role in the Indo-Pacific, both in support of its American ally and in pursuit of its own interests, is clearly visible. Its ability to sustain this will be tested in the years ahead.

The EU Council adopted conclusions on an EU strategy for cooperation in the Indo-Pacific in April 2021. These conclusions were expanded into a joint communication to the European parliament and the EU Council in September, spelling out the EU strategy for cooperation in the Indo-Pacific⁴⁰. The strategy focuses on sustainable and inclusive prosperity; green transition; ocean governance; digital governance and partnerships; connectivity, security and

³⁹ Commencement of negotiations in the Japan-UK Reciprocal Access Agreement, https://www.mofa.go.jp/press/release/press4e_003044.html

⁴⁰ Joint Communication to the European Parliament and the Council: The EU strategy for cooperation in the Indo-Pacific, https://eeas.europa.eu/sites/default/files/jointcommunication_2021_24_1_en.pdf

defence; and human security. It commits the EU to promoting an open and rules-based regional security architecture, enhanced naval presence by EU member states in the Indo-Pacific, and more exercises with Indo-Pacific partners to fight piracy and protect freedom of navigation. The German frigate Bayern completed a deployment to the Indo-Pacific in January 2022. In parallel, NATO has been tasked to develop a new security concept, to be presented at the next NATO Summit. What will be watched is the extent to which EU interest translates into visible action to secure the region at a time when the EU nations are finding it difficult to tackle security challenges in Europe itself.

Russia is not an Indo-Pacific power and its allergy to the term is well-known. Beyond energy and arms, Russia's participation in the international economic system is minimal. However, its strategic links with China are growing by leaps and bounds. Bilateral trade for the period January to November 2021 exceeded \$120 bn⁴¹. The Russia – China engagement includes joint exercises in the Western Pacific and in the Indian Ocean (with Iran also part of this). It has obtained access to Port Sudan during the current year. Russia has, however, kept its links with India open, as is evident from the visit of President Putin in December, delivery of the S-400 Triumf system and ongoing exercises with the Indian Navy, including one in January 2022. While short of the capability to become an independent Indo-Pacific player, Russia can be expected to play its geopolitical cards adroitly, complicating the Indo-Pacific picture.

ASEAN's has long been a beneficiary of US security provision, but economic dependence on China and the enormous power asymmetry between its nations and China are making it difficult for ASEAN to maintain strategic equilibrium between the great powers. Continental ASEAN is increasingly coming under Beijing's influence. This can be expected to grow under Cambodia's Chairmanship in 2022. However, in the ASEAN maritime, the Philippines appears to be tilting back towards the US, while Indonesia is holding firm to its neutrality. The economic factor will continue exercising disproportionate influence, more so given ASEAN's lack of military capability. Only the future will tell whether ASEAN continues as an independent regional player or is politically captured by China.

Regional Realities

A cooperative region wherein all nations work towards common ends is possible only in an environment of trust. The lack of trust, however, is evident

⁴¹ Talks with President of China Xi Jinping,
<http://en.kremlin.ru/catalog/persons/351/events/67364>

in the actions of both China and the US. As the Indo-Pacific trends from order to contestation and disorder, from a unipolar region to multi-polar stability, the return of spheres of influence and balance of power equations appears inevitable.

The US national security strategy of 2017 had stated, "We will deepen our strategic partnership with India and support its leadership role in Indian Ocean security and throughout the broader region"⁴². The US Strategic Framework for the Indo-Pacific, de-classified in January 2021, had listed "India remains preeminent in South Asia and takes the leading role in maintaining Indian Ocean security" as one of its desired goals. That India desires to shape the Indian Ocean in accordance with its interests is evident from SAGAR. That China will contest the Indian Ocean and seeks to make it its own sphere of influence, as part of its effort to be pre-eminent in Asia, is also evident from its Belt and Road Initiative, its focused outreach to Indian Ocean states from Africa and South East Asia, the cultivation of the Pakistani proxy and inroads in India's periphery. Continental challenges from the North and West and a strategic culture of sea blindness have so far prevented India from paying attention to the region where its strategic potential really lies⁴³. This must change if India is to contain the risk of China's influence in the Indian Ocean littoral becoming too entrenched to deal with.



Ships from Quad Countries Participating in Ex Malabar in the Arabian Sea, October 2021.
Source: Indian Navy

⁴² National Security Strategy of the United States of America, December 2017, P 50.

⁴³ See Lalit Kapur, "Operationalising SAGAR: Bridging the Gap Between Policy and Execution", <https://www.delhipolicygroup.org/publication/policy-briefs/operationalising-sagar-bridging-the-gap-between-policy-and-execution.html>

History provides ample evidence that reliable national security cannot be guaranteed through agreements when there is a deficit of trust. China's aggressive actions along the LAC with India assimilation of Hong Kong, and disregard of its UNCLOS commitments only provide affirmation of this truism. Agreements are useful only insofar as they buy time for strategic purposes; the only credible guarantee is effective deterrence. This is a lesson India's decision-makers would do well to remember, particularly as an adversarial great power makes growing strides in the Indian Ocean.

What Lies Ahead

Unless there is a significant change in China's regional assertions or a return to policies of accommodation by the US (neither of which appears likely) Indo-Pacific great power competition will continue. The China-Russia nexus will grow, as both increasingly probe the limits of US influence and political resolve and continue to put pressure on forward deployed US forces in the Indo-Pacific.

Balancing China's coercion will require continued US commitment as well as the assumption of greater responsibility by regional powers, with India in the frontline. The Quad partners must continue to develop common perspectives and coordinated policies to deliver on regional public goods and rules based order. A new hard power architecture is emerging to balance China in the Western Pacific. India needs to take the lead in developing stabilising architecture in the Indian Ocean, including by delivering greater outcomes on its SAGAR vision and expanding maritime security partnerships with regional powers.



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