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# Indo-Pacific Strategies: What do They Entail for India

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Pankaj Vashisht\*

**Abstract:** Indo-Pacific construct has gained considerable traction over the last couple of years. Most of the global powers have adopted this geographical concept for regionalism and have spelled out strategies to deepen their strategic and economic engagement with Indo-Pacific. These developments can potentially reshape the global security as well as economic architecture. Given the geographical positioning, global tilt towards Indo-Pacific has direct implications for India. This paper examines the emerging Indo-Pacific strategies of leading global powers to identify their implications for India. It argues that despite varying in contour, Indo-Pacific strategies of leading global powers converge on several important issues including supply chain diversification, cyber & maritime security and improving connectivity which open interesting economic opportunities for India.

**Keywords:** Indo-pacific, Quad, Regional Grouping

## Introduction

Global economic geography has been undergoing a phenomenal change. The economic centre of gravity which, after the industrial revolution, shifted first to Europe and then to America has swiftly been moving back to Asia. Though the rise *East Asian Tigers* in 1960s instigated this great economic reversal, it became pronounced only after 1980s when two Asian giants, India and China embarked on the path of rapid industrialisation. Since early 1990s, Asia has consistently outperformed Europe and America in terms of economic growth to emerge the nerve centre of global economic activities. Its share in global GDP as well as trade has risen remarkable and the continent has become highly integrated with advance economies through complex global value chains.

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The economic rise of Asia has benefited the entire globe through trade induced welfare gains. However, given the unsettled territorial disputes, the rise of Asia has also coincided with serious concerns with regard to “good maritime order rooted in adherence to the established international law and norms” (Khurana 2019). Specifically, developments in South China Sea have raised global concerns regarding the freedom of navigation which is crucial for keeping the sea lanes open. On top of that, China mooted Belt and Road initiative which has created additional concerns. In the light of these geo-economic and geostrategic changes, a new geopolitical construct - the Indo-Pacific - has gained prominence in policy circles. The concept was first floated by Japanese Prime Minister Abe in 2007 when addressing Indian parliament. He advocated for strengthening the political and economic link among democracies situated in Indian and Pacific Oceans for securing sea lanes and promoting economic prosperity (Abe 2007). However, the construct gained traction only in 2017 when President Trump put his weight behind it. Since then, several countries have adopted the Indo-Pacific construct.

Given the geographical positioning and dependence on maritime trade, significance of maritime domain has always been recognised in the Indian strategic thinking. However, owing the prevailing global geopolitical situations coupled with resource constrain and more pressing concerns on north and northeast border, India remained more focused on the continental borders till the end of 20<sup>th</sup> century (Joshi 2019). Nonetheless, situation changed in 21<sup>st</sup> century and India started focusing more on maritime domain. India rebooted its maritime outreach in the Indian Ocean with the launch of Indian Ocean Rim Association (IORA) for regional cooperation in 1997 (Joshi 2019). It was further strengthened with the launch of Security and Growth for All in the Region (SAGAR) initiative in 2015. Recognising the fact that non-conventional security threats cannot be effectively addressed without securing the East Indian Ocean and Western Pacific, India officially joined the Indo-Pacific construct in 2018. Addressing the Shangri La Dialogue in Singapore, Prime Minister Modi outlined India’s vision and policy elements for

Indo-Pacific. In his address Prime Minister Modi called for “an open and inclusive order in Indo-Pacific based on respect for sovereignty and territorial integrity of all nations” (MEA 2021, p. 1). Prime Minister’s address was followed by the launch Indo-Pacific Ocean Initiative (IPOI) in November 2019 which added more clarity to India’s vision. IPOI listed “(1) Maritime Security; (2) Maritime Ecology; (3) Maritime Resources; (4) Capacity Building and Resource Sharing; (5) Disaster Risk Reduction and Management; (6) Science, Technology and Academic Cooperation; and (7) Trade, Connectivity and Maritime Transport as seven pillars for the cooperation with Indo-Pacific countries” (MEA 2020, p. 1). It envisages drawing on existing regional cooperation architecture and mechanisms to achieve the objective of open and inclusive Indo-Pacific.

Like India, several countries /regional groupings including USA, Japan, Australia, ASEAN, France, Germany and European Union have come out with details vision/strategies for Indo-Pacific. Some of these countries have also launched specific initiatives to supplement their Indo-Pacific strategies. Indo-Pacific Economic Framework for prosperity (IPEF) is one such major initiative which Biden administration launched recently. Since India is an important Indo-Pacific nation, these strategies and initiatives have direct implications for it. Against this backdrop, this paper examines the emerging Indo-Pacific strategies of different countries to identify the areas where India’s interests converge with other participating countries. It argues that despite having differences, Indo-Pacific strategies of different global powers converge on several issues including supply chain diversification, cyber & maritime security and improving connectivity which opens an interesting opportunity for India.

The paper is organised in four sections. After introduction, section 2 provides an overview of the Indo-Pacific strategies of leading countries. Section 3, deals with comparative analysis of Indo-Pacific strategies and explains the evolving regional architecture and emerging institutions. Finally, section 4 describes imperatives for India and suggests the way forward.

## **Salient Features of Indo-Pacific Visions /Strategies**

### **USA**

The term Indo-Pacific started appearing in USA policy circles during the presidency of Mr Obama. However, it gained prominence only during Trump administration and since then, the term Indo-Pacific has become integral to all official documents. Few US departments have come out with their own Indo-Pacific strategy documents. One such document was published by the Department of State in 2019. The document titled *A Free and Open Indo-Pacific: Advancing a Shared Vision* (FOIP) provided a comprehensive overview of US involvement in Indo-Pacific and listed “(i) respect for severity and independence for all, (ii) peaceful resolution of disputes, (iii) free, fair and reciprocal trade and (iv) adherence to international laws” (US Department of State 2019, p. 6) as guiding principles for US approach to Indo-Pacific. It was followed by a publication of comprehensive *Indo-Pacific Strategy Report* by Department of Defence and declassification of *US Strategic Framework for the Indo-Pacific*. Biden administration also published Indo-Pacific Strategy of United States in May 2022. These four documents clearly underlined the growing economic and strategic importance of Indo-Pacific for USA and advocated for deeper cooperation with likeminded countries in the region to ensure prosperity with peace.

A careful reading to publically available US documents clearly highlights strategic/security concern being at the forefront of its Indo-Pacific strategy. US sees shifting power dynamic and assertive China as a potential threat to rule-based world order. It emphasises on strengthening military alliances with existing partners and expanding the military cooperation with other like minded countries in the region both in bilateral as well as in multilateral framework to ensure maritime security and freedom of navigation for all. It envisages strengthening defence capability of existing /emerging strategic partners in Indo-Pacific region through defence export as the most important instrument for deepening the military cooperation. Apart from this, joint naval exercise, sharing military technology, military aid, and training programme for military



officials are listed as other instruments to deepen defence partnership in Indo-Pacific.

Enhancing development cooperation with Indo-Pacific countries also features prominently in USA strategy. FOIP vision document extensively describes the existing US financial and technical support for various Indo-Pacific countries and seek to enhance it further. Though the development cooperation under FOIP envisages to cover entire gamut socio-economic development including skill development, trade facilitation, export promotion, energy policy, entrepreneurship development, civil society development etc., it is the infrastructure finance which has received the paramount importance. In an apparent bid to provide an alternative to China's Belt and Road initiative, FOIP vision document pledges support for infrastructure development in Indo-Pacific *"that is physically secure, financially viable, economically sustainable, and socially responsible"* (US Department of State 2019, p. 15). USA has adopted three flanked strategy for this. First, it has consolidated its development finance and technical assistance in Indo-Pacific with Better Utilization of Investments Leading to Development Act (BUILD Act) and the Asia Reassurance Initiative Act (ARIA) initiatives. Second, in collaboration with Japan and Australia, it has set up Blue Dot Network for the certification of high-quality infrastructure projects to promote transparency. Third, it has accentuated coordination with other G7 countries to synthesise individual countries infrastructure finance in the Indo-Pacific region to ensure efficient utilisation of resources. The last initiative has culminated with the launch of an ambitious Built Back Better World (B3W), a 40 trillion initiative to counter China's belt and Road project.

Deepening trade and investment relation with Indo-Pacific also features in the FOIP vision. However, the economic agenda was least developed. Document merely lists several existing US initiatives such as 'Access Asia Outreach', 'Discover Global Market' and 'Trade Winds' which have been facilitating American investment abroad, including the Indo-Pacific economies (US Department of State 2019, p. 14). On trade front, FOIP vision pitched for better trade integration with the region

based on the principle of '*free, fair and reciprocal trade*'. However, vision document does not propose any strategy and merely mentioned signing new and renegotiating existing free trade agreements with Indo-Pacific countries that too in a bilateral framework, as an instrument for boosting trade relation. In fact, given the ongoing trade friction between China and USA, emphasis on free, fair and reciprocal trade may be a US strategy to get better trade and investment deal with China to ensure better market access and IPR protection for its firms.

Digital economy and cyber security is another area which features prominently in US FOIP vision. Highlighting "*maintaining open and interoperable internet with cross border data flow while protecting the digital economy from cyber security threats*" (US Department of State 2019, p. 18) as the biggest challenge in years to come, FOIP vision urges Indo-Pacific countries to adopt a risk based approach for evaluating technology vendors. It also underlines US commitment to work with like minded countries to promote digital economy with cyber security.

With the launch of Indo-Pacific Economic Framework for Prosperity (IPEF) US has sharpen the economic dimension of it Indo-Pacific strategy. IPEF has identified four pillars for economic cooperation with Indo-Pacific countries. The IPEF has offered a menu of cooperation to Indo-Pacific countries with freedom to choose any pillar to strengthen economic cooperation. However, barring one pillar that is resilient economy, which focuses on supply chain resilience, other three pillars mostly deal with standard setting without offering anything on market access, technology transfer or finance. For example, agenda under connected economy pillar revolves around labour standards, environment standards and cross border data flow while important issues such as tariff concession, market access and trade facilitation has remained missing. Similarly, clean economy pillar talks about high target for renewable energy, carbon removal and high energy efficiency standards without mentioning anything on technology transfer and financing. Given the prevailing protectionist sentiments which forced USA to withdraw from CPTPP, IPEF seems to be an attempt push American standards without offering market access.

## Japan

The term Free and Open Indo-Pacific though popularised by President Trump, was originally coined by Japanese Prime Minister Shinzo Abe during his 2007 address to Indian Parliament where he stressed on better cooperation among democratic countries in Pacific and Indian Ocean to ensure *free flow of goods, people, capital and knowledge* which are vital for freedom and prosperity. However, Japan's Indo-Pacific strategy gained momentum only after 2010 Sankuru boat collision incident. In 2012, then Japan's Prime Minister Shinzo Abe proposed formation of a democratic alliance of Japan, USA, India and Australia to protect the global public goods and freedom of navigation (Lee and Lee 2016). Since then Japan has continuously promoted the idea of free and open Indo-Pacific albeit under varying terminology. Initially, Japan's officials and leaders used the term Indo-Pacific strategy which was later replaced with Indo-Pacific vision.

Given Japan's economic interest in maintaining free sea lanes and its unresolved conflict with China over Sankuru Island, it not surprising that maritime security figures prominently in Japan's Indo-Pacific vision. Maintaining a rules-based order and freedom of navigation are stated objectives and Japan envisages securing major sea lanes by deepening defence cooperation in terms of joint naval exercises, military exchange activities and defence equipment & technology cooperation with likeminded countries in Southeast Asia, South Asia and Pacific Island Countries as well as Middle East, Africa and Latin America, which are important for ensuring energy security. Japan has effectively been implementing its Indo-Pacific security strategy. Its military cooperation with Indo-Pacific countries has deepened substantially. In 2012, Japan has military operation with just five countries in Indo-Pacific and this number increased to 15 in 2021 (Ministry of Foreign Affairs 2021b).

Though Japan's Indo-Pacific vision has sprung from security concerns, economy has been emerging as core of it. Japan perceives economic prosperity of region as building block for regional security and emphasises on enhancing economic connectivity to achieve the objective of shared prosperity. With total budget of US\$200 billion, it

has introduced *Quality Infrastructure initiative* to support and finance connectivity infrastructure projects in Indo-Pacific (Ministry of Foreign Affairs 2021b). It has been financing various infrastructure projects in Africa and Asia which includes eight port development projects, two airport development projects, and two mega rail corridors along with several other road and power generation projects. Though Japan has not directly voiced concern against BRI, emphasis on promoting *transparency, efficiency and sustainability*, coupled with its growing cooperation with US, EU and Australia for infrastructure financing, underlines that Japanese *Quality Infrastructure Initiative* aims to offer states in Indo-Pacific an alternative to Chinese infrastructure projects.

Apart from improving physical connectivity, Japan Indo-Pacific vision also envisages trade agreements, both in bilateral and multilateral framework, as a tool to ensure higher economic integration with Indo-Pacific countries. Japan has been the main promoter of two recently concluded mega free trade agreements – Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Since both these FTAs are open to China, Japan’s focus on FTA on surface suggests that Japan is not interested in economic rebalancing. However, its recent initiatives/actions suggest another story. Since the outbreak of COVID-19 pandemic, Japan has taken two measures to economically wean away from China. First, it introduced a US\$ 2 billion financial support package for Japanese firms operating from China to relocate either back to Japan or any other country. Second, jointly with India and Australia, it has launched Supply Chain Resilience Initiative (SCRI) which envisages investment promotion events and buyer-seller matching events along with joint trade and investment diversification measures to achieve the objective of supply chain resilience. These initiatives along with focus on improving infrastructure in Indo-Pacific countries suggest that perhaps Japan conceive mega free trade agreements as tool of economic rebalancing in the region.

## **Australia**

Australia has not published any special document to outline its Indo-Pacific vision or strategy, rather its Indo-Pacific vision has evolved through several key policy documents such as 2016 defence white paper, 2017 foreign policy white paper 2017, etc. These documents call for a *secure, open and prosperous Indo-Pacific region* (Australian Government 2017). Australia perceives respect for international laws, norms and open markets as essential for its security and prosperity and commits itself to uphold these values.

Like the Indo-Pacific visions of Japan and USA, maritime security features prominently in the Australian vision of Indo-Pacific too. Foreign policy white paper acknowledges that region's seas are becoming more congested and contested and urge all countries to ensure that *"international law especially UNCLOS is respected and implemented to protect the freedom navigation and uphold the sovereign rights of coastal states"* (Australian Government 2017, p. 47). Australia perceives that contestation over these ideas will increase in years to come. Therefore plan to strengthen its defence preparedness by investing more in defence capabilities as well as by expending defence cooperation, encompassing information sharing, joint naval exercises, joint R&D, border defence cooperation etc, with other like minded countries especially the Indo-Pacific democracies of USA, Japan, Indonesia, India and Republic of Korea as well as ASEAN (Australian Government 2016).

Connectivity/infrastructure finance also features prominently in Australian vision of Indo-Pacific. In line with US and Japan, Australian documents also express concerns for infrastructure finance being used to gain strategic influence and commercial advantage and pledges Australian support for transparency, sustainability and private sector participation in connectivity /infrastructure projects. 2017 Foreign policy white paper asserts that Australia is open to engage in regional infrastructure initiatives, including BRI if the above mentioned principals are adhered to. However, in subsequent years, Australia has clearly alienated to regional infrastructure initiatives floated by Japan and USA. It has partner with

Japan and USA to launch the *Blue Dot Network* to promote transparent, sustainable and socially responsible infrastructure financing.

Having an open economy with high dependence on international trade, it is not surprising that Australian Indo-Pacific strategy vouches for a free and fair trade under multilateral framework. However, it acknowledges that progress at multilateral forum WTO, viz., is going to be very slow and therefore see plurilateral /bilateral trade agreements as a practical way forward. Australia believes that higher economic integration among countries in Indo-Pacific can *dilute* strategic rivalry and therefore its Indo-Pacific vision strives for “*region wide trade and investment arrangement defined by comprehensive rules to promote liberalisation, reform and seamless trading environment*” (Australian Government 2017, p. 45). Apart from being part of three plurilateral trade agreements, Australia already has FTA with nine individual countries. Under its Indo-Pacific strategy, it is looking forward for sign seven more trade agreements, with Australia-India FTA and Australia-Indonesia Comprehensive Economic Partnership Agreement (CEPA) being at high on priority list (Australian Government 2017). At the same time, Australia is promoting the idea of region wide FTA which should include USA, India and Japan. Emphasis on FTAs along with region wide trade and investment agreement suggest that Australia perhaps wants to achieve following two objectives as a part of Indo-pacific strategy. First, it wants to diversify its trade by signing more FTA, especially with Indo-Pacific democracies, India and Indonesia. Recently launched supply chain resilience initiative which India, Japan and Australia has jointly launched, corroborates this. Second, with mega trade and investment agreements, Australia is perhaps trying to define trade and investment rules in a plurilateral framework to safeguard its economic interests in China where its firms have invested around US\$200 billion.

## **ASEAN**

ASEAN lies at the centre of Indo-Pacific. All participating countries have given prominence to ASEAN in their Indo-Pacific visions. ASEAN deliberated for more than a year to publish a short five page long ASEAN outlook on Indo-Pacific in mid 2019. In carefully crafted

words, ASEAN outlook for Indo-Pacific provided a very inclusive vision for Indo-Pacific which is open to everyone. It avoids naming any country in the document as partner or rival. ASEAN outlook on Indo-Pacific acknowledges ongoing geopolitical and geostrategic shift and calls for avoiding deepening mistrust, miscalculation and pattern of behaviour based on zero sum game. It envisages “*ASEAN centrality as the underlying principle for promoting cooperation in the Indo-Pacific region*” (ASEAN Secretariat 2019, p. 1).

ASEAN identifies maritime cooperation as highest priority. ASEAN outlook mentions unresolved maritime disputes that have potential for open conflict and calls for their peaceful resolution as per existing international laws and conventions. However, unlike the Indo-Pacific visions of USA, Japan and Australia, ASEAN economic outlook did not envisages any military cooperation to ensure maritime security. Moreover, maritime agenda of ASEAN goes much beyond maritime security and maritime disputes. It encompasses preservation and protection of the marine environment and biodiversity, promoting green shipping, developing blue economy, sustainable management of marine resources and technical cooperation in marine science (ASEAN Secretariat 2019, p. 3).

Connectivity is the second important theme of ASEAN Indo-Pacific outlook. It emphasises on improved physical, institutional and people to people connectivity among Indo-Pacific countries. For physical connectivity, focus is on connecting the connectivities to ensure a seamless and integrated ASEAN. Document avoids any words which could potentially link ASEAN with competing connectivity initiatives in Indo-Pacific. It did mention that environment and ecological sustainability should be considered in connectivity initiatives but financial viability, economic sustainability, private sector participation, which occupies important place in USA floated connectivity initiative have been completely avoided. In a nut shell, ASEAN Outlook on Indo-Pacific gives an impression that ASEAN is open to all regional connectivity initiative if they complement and support the already existing Master Plan for ASEAN Connectivity (MPAC) 2025.

ASEAN outlook on Indo-Pacific also lists several economic and other areas for cooperation. It vouches ASEAN's support for free trade agreement and comprehensive economic partnerships to enhance global integration, without giving any detail. Apart from FTAs, it envisages cooperation for improving logistics infrastructure and services as well as trade facilitation. Economic areas of cooperation under ASEAN outlook for Indo-Pacific go beyond trade and cover all aspects of economy that include the following, among others:

- Digital Economy and the facilitation of cross-border data flow
- Promotion of Micro, Small and Medium Enterprises
- Active ageing and innovation
- Cooperation on preparing for the Fourth Industrial Revolution, with emphasis on sharing expertise and experience to realise the benefits and mitigate the challenges of digital resolution.
- Development of private sector

Science, Technology, Research and Development, Smart Infrastructure, Climate Change, Disaster Risk Reduction/ Management and South-South Cooperation are also listed as areas for cooperation in ASEAN outlook for Indo-pacific, without giving any further detail (ASEAN Secretariat 2019).

## **European Union**

European Union's foray in formulating Indo-Pacific strategy has been led by France. Given its overseas territories in the region that represents a population of 1.65 million, France considers itself an Indo-Pacific nation. It first published an Indo-Pacific defence strategy in 2016, which was followed by a comprehensive Indo-Pacific strategy in 2018. Acknowledging changing strategic and military balance and increasing unconventional security threats as formidable challenge, four pillared French Indo-Pacific strategy advocates for maintaining "*an indo-pacific that is open and inclusive, free of all forms of coercion and founded on multilateralism and the respect of international law*" (Ministry of Europe and Foreign Affairs (2021, p. 8).



Given its overseas territories and economic interest in maintaining open sea lanes, in line with Indo-Pacific strategy of USA, French Indo-Pacific strategy also attached highest priority to maritime security and safety. France see changing regional balance of power, unresolved maritime disputes, along with unconventional security threats such as piracy, terrorism, trafficking and unregulated and unprotected fishing as most significant challenges and seek to deepen its already existing defence cooperation with Indo-Pacific partners particularly, India, Australia, Japan and ASEAN to mitigate these challenges (Ministry of Defence 2018). Notably, French strategy did mention its support for freedom of navigation; however, unlike FOIP vision of USA, the tone is less confrontationalist.

Since France is a part of European Union, its economic agenda under Indo-Pacific strategy did not include free trade agreements. Rather trade part under French Indo-Pacific strategy revolves around two aspects: (i) reducing import dependence for food products and (ii) diversifying supply of strategic goods. For reducing import dependence for agricultural food products, it pledges financial support for French producers while for supply chain diversification, it envisages building partnership with like-minded countries in Indo-Pacific.

Connectivity and infrastructure finance also figure in French Indo-Pacific strategy. France acknowledges growing need of Indo-Pacific region for infrastructure finance and stresses on implementation of Europe-Asia connectivity strategy and strengthening bilateral partnerships with Indo-Pacific nations especially in the field of renewable energy. French strategy emphasises on competition, sustainability and transparency in infrastructure financing. However, it refers to G20 principals for quality infrastructure financing which makes it less confrontationalist with China mooted BRI. French strategy also emphasises on deepening university and scientific cooperation with Indo-Pacific countries especially India, Australia, Japan, Singapore, Indonesia and Vietnam. It identifies health care research, management of marine resource, ocean, climate change and biodiversity as areas of priority for research and innovation cooperation.

Climate change and challenges associated with it such as promoting energy transition, protecting bio-diversity, ocean governance, promoting blue economy and preventing natural disaster also constitute an important part of French Indo-Pacific strategy. France envisages mobilising countries in the region through multilateral as well as bilateral dialogues to mitigate these challenges.

French Indo-Pacific strategy also mooted the idea of a collective European Union strategy for Indo-Pacific. French push, for an EU strategy for Indo-Pacific encouraged Germany and Netherlands to announce their Indo-Pacific policy guidelines in 2019. German policy guidelines identified *maintaining peace & security, diversifying & deepening relations, promoting a multi-polar world, ensuring open shipping routes, promoting open markets & free trade, promoting digital transformation & connectivity, protecting plant and countering dis-information* as eight interests in Indo-Pacific (Federal Foreign Office 2020). It further asserted that German involvement in Indo-Pacific will be guided by eight principles including *collective European action, multilateralism, rule based order, United Nations development goals, human rights, inclusivity and partnership among equals*. Netherlands policy document titled '*Indo-Pacific: Guidelines for strengthening Dutch and EU cooperation with partners in Asia*' listed promoting "*international legal order, democracy and human rights, sustainable trade, security and stability, safe passage and maritime security, climate change, global healthcare and poverty reduction*" as focus areas for partnership with Indo-Pacific countries (Government of the Netherlands 2020, p.1). Notably, French Indo-Pacific strategy and German and Netherlands' policy guidelines on Indo-Pacific converge not only in terms of assessment of Indo-Pacific but also in terms of their core objectives. These three countries also shared the vision of developing a European Union strategy for Indo-Pacific.

Building on the member countries strategy/policy guidelines, European parliament announced a comprehensive strategy for cooperation in Indo-Pacific in late 2021. EU Strategy underlines that "*EU intends to increase its engagement with the region to build partnership*

*that reinforce rule based international order, address global challenges and lay foundation for rapid, just and sustainable economic recovery that creates long term prosperity”* (European Commission 2021, p. 1). It emphasises that EU engagement with Indo-Pacific will be guided by the principles of inclusive multilateral cooperation, respect of democracy, human rights and rule of law. Going with the sentiments proposed by German and Netherlands policy guidelines, European strategy adopted a middle path to avoid being trapped in ongoing American and Chinese rivalry. It voices European concerns regarding freedom of navigation, human right violation as well as unfair trade practices and economic coercion for which China has been repeatedly blamed for. However, in a balancing act, it also clearly underlines EU’s willingness to work with China to promote the solutions of challenges Indo-Pacific region is facing.

EU Strategy has identified seven areas for cooperation which pretty much covers everything under the sun. However, a careful reading of document suggest that EU interest in Indo-Pacific actually revolves round securing sea lanes, promoting/establishing global governance and mitigating the global challenges posed by climate change and covid pandemic. Since 40 per cent of EU trade passes through South China Sea, it is not surprising that maritime security and ocean governance figures in EU strategy. It reiterates EU commitment for strengthening ocean governance in compliance with international laws, especially UNCLOS. Strategy calls for developing partnerships and strengthening synergies with likeminded partners and relevant organizations in Indo-Pacific to counter threats like terrorism, violent extremism, illicit trafficking, unreported & unregulated fishing etc. in full compliance with international law to ensure maritime security and sustainability. For maritime security, it envisages increasing member countries naval presence in Indo-Pacific.

EU strategy also highlights connectivity as an important area for cooperation and envisages promoting connectivity with Indo-Pacific partners in all dimensions (European Commission 2021, p. 12). However, it emphasises more on digital connectivity. EU strategy envisages

promoting investment in digitisation and helping partners in Indo-Pacific to frame regulatory environment required to attract Investment. Though EU strategy avoids using phrases like financial viability, debt trap etc., its emphasis on sustainability and willingness for undertaking joint connectivity projects with Japan, India, Australia, USA, Korea and Canada can be interpreted as EU's intention to join the US led initiative to provide an alternative for Belt and Road initiative to Indo-Pacific countries.

EU is primarily an economic power with high dependence on trade. It is also deeply integrated with Indo-Pacific through global Value Chains (GVC). However its economic integration with the region is skewed in favour of China. Covid pandemic exposed the negative side of excess dependence on one source of supply. Consequently, building resilient supply chains through trade diversification has been highlighted as an important flank of EU Indo-Pacific strategy. In line with member countries approach, EU's Indo-Pacific strategy envisages free trade agreements with Indo-Pacific countries, including India, Indonesia, Australia, New Zealand, Malaysia, Philippines and Thailand to diversify trade relation. Apart from FTAs, EU also plans developing cooperation in strategic sectors with likeminded countries to reduce strategic dependency in supply chain.

EU strategy acknowledges climate change as the most significant challenge that is threatening the biodiversity and humanity across the global. It envisages deepening cooperation with Indo-Pacific countries to protect bio-diversity, check plastic & air pollution and promote clean energy transition. Concluding Green Alliances, mobilising financial instruments for affordable & sustainable energy, joint Research and Development projects on clean energy has been listed as instruments for deepening the cooperation with Indo-Pacific countries to promote green transition.

World is going through a phase of digital revolution and EU has been at the forefront of promoting digitisation. It has been promoting the agenda for setting standards/regulations to facilitate smooth digital

transition of businesses and promote digital trade. EU strategy also focuses on digitisation and proposes building digital partnerships with Indo-Pacific countries to enhance technical, policy and research cooperation on digital infrastructure, digital transformation of business, skill development and data regulations. Since innovation and skills are key to for smooth digital transition, these two aspects get special mentioned in EU strategy. It proposes deepening research and innovation cooperation with Indo-pacific countries under Horizon Europe and academic exchanges under Erasmus + programme.

In the wake of covid 19 pandemic, health has also received attention in EU strategy. Summarising the European Union’s medical aid to Indo-Pacific countries, it proposes working with Indo-Pacific countries to “*ensure effective multilateral response to future global health crisis*” (European Commission 2021, p. 15). However, no definite plan has been provided and strategy barley mentions collaborative research to combat communicable diseases under Horizon Europe initiatives.

## **Overall Strategy, Emerging Institution and Regional Architecture**

The evolving strategic scenario seems to be complex and multi-layered in the Indo-Pacific. The normative framework emerging from strategic and economic initiatives of the major countries and regional organizations is idealistically driven by desire of the Indo-Pacific as open, rules-based, inclusive, ‘free of all forms of coercion’, etc. Democratic values and norms are amply visible in defining the political space in the Indo-Pacific region, which can facilitate free flow of trade as well as respect for international law and national sovereignty. Concerns over the assertive approach and challenge to rules-based order have been contributing to taking various initiatives for promoting bilateral, regional and global cooperation in multiple formats with diversified agenda. Initiatives such as Blue Dot Network, Built Back Better World (B3W) by USA and *Quality Infrastructure initiative* by Japan are launched to promote value and norm based cooperation to provide an alternative of Belt and Road initiative. Furthermore, Japan and Australia promoted initiatives such

as RCEP and CPTPP, and Supply Chain Resilience Initiative (SCRI) with India broadly underline the “China Plus One” strategy to achieve economic rebalancing in Indo-Pacific.

With the launch of Indo-Pacific Economic Framework (IPEF) the US has been trying to reengage economically with Indo-Pacific countries to counter China’s regional economic influence. The four policy pillars of the IPEF include digital trade and standards, building of resilient supply chains, implementation of clean energy commitments and promoting fair economy by enforcing effective tax and removal of corruption. Given the absence of US from CPTPP, IEPF seeks to shape Indo-Pacific economic architecture without offering market access. European countries have also been resetting their strategies and entered the Indo-Pacific strategic theatre. German and French policies aim to promote free and inclusive political space. France has already engaged; Germany has issued its guidelines for Indo-Pacific. It indicates to play a greater political and security role in the Indo-Pacific region. Additionally, the Netherlands too is keen to expand its cooperation with the Indo-Pacific region.

The Indo-Pacific is seen as an area of potential political and military contestation. It is also at centre of economic growth. The economic initiatives and political dynamics have opened new avenues for global and regional cooperation. However, institutional arrangement has remained less explored. All Indo-Pacific participating countries asserts that they are not aiming to create a new regional institution rather they want to draw on existing regional cooperation architecture and mechanisms to strengthen the cooperation with Indo-Pacific countries. Specifically, participating countries accept the centrality of ASEAN and emphasise on deeper engagement with the ASEAN-led regional architecture such as Asia Europe meeting (ASEM) and East Asia Submit, etc. However, with ASEAN taking a very cautionary approach along with the shaping up of Quad, it will be interesting to see if the centrality of ASEAN will remain only on paper or it will also manifest itself in action on the ground. In the absence of any pan-Indo-Pacific institution, a network of bilateral, trilateral and quadrilateral cooperation has been shaping the emerging economic and security architecture in the Indo-Pacific.

## **Imperatives for India and Way Forward**

The contour of Indo-Pacific strategies of different countries/regional groups varies substantially. On the one extreme, USA has taken a confrontationalist approach and its vision of Indo-Pacific revolves around containing China. On the other extreme, ASEAN and European strategies, despite airing their concerns for freedom of navigation have adopted an inclusive approach which co-opts China. However, despite several differences, these strategies converge at many points. Moreover, India's Indo-Pacific Ocean Initiative and Indo-Pacific strategies of other countries/regions share synergy at several actionable points which opens several opportunities for India.

The Indo-Pacific vision of all participating countries converges on the issue of freedom of navigation and respect for international laws. All countries call for a peaceful settlement of maritime dispute in accordance with international laws, especially UNCLOS. Moreover, with a notable exception of ASEAN, all participating countries also advocates for enhancing naval and military cooperation with likeminded countries to ensure maritime security and freedom of navigation. This consensus on maritime security has paved the way for India to enhance naval and military cooperation with likeminded countries to secure its waters and sea lanes. Apart from maritime security, maritime cooperation to ensure sustainable use of maritime resources (especially tackling Illegal, Unreported and Unregulated Fishing), promoting blue economy, mitigating maritime pollution and climate induced rise in sea level figures prominently in the indo-pacific visions of all countries. Since India is also facing these challenges, Indo-Pacific realignment of various participating countries provide India an opportunity to enhance financial as well as technology cooperation with advanced countries to jointly mitigate the climate change related and other maritime challenges.

All Indo-Pacific vision documents call for close cooperation with Indo-Pacific countries for improving connectivity in all its dimensions - transport connectivity, digital connectivity, and human connectivity. With notable exception of ASEAN, Indo-Pacific strategies also advocate for promoting quality connectivity infrastructure projects to ensure

sustainability and transparency. Focus on sustainability coupled with willingness to forge partnership and collaboration with likeminded countries for improving the availability of infrastructure financing for Indo-Pacific countries suggest that despite differing in tonnes and texture, all Indo-Pacific participating countries, except ASEAN, are aiming to provide a joint alternative of China sponsored Belt and Road Initiative. The establishment of Blue Dot Network (BDN) and announcement of US\$ 40 trillion *Build Back Better World* initiatives by G7 countries last year corroborate this. Since connectivity is one of the selected pillars of IPOI, it naturally opens an opportunity for India to develop partnership with participating countries to jointly work on connectivity projects not only in India but also in neighbouring countries where India already have been financing several connectivity/infrastructure projects.

With considerable variation in focus and underlining intentions, digital agenda also occupies important place in the strategies of all Indo-Pacific countries. For USA, cyber security is the top priority. US documents openly highlight the security risk associated with the use of Chinese hardware and envisage working with Indo-Pacific countries to minimise this risk. Cyber security and digital misinformation also figure in the Indo-Pacific vision EU, Australia and Japan. India also shares the cyber security and digital misinformation concern with these countries. Since Chinese domination in 5G has created such a massive anxiety, India and other participating countries can explore the possibility of jointly working on 6G and other futuristic technology to fend off security concerns. Apart from cyber security, all Indo-Pacific participating countries emphasise on promoting Digital trade and cross-border data flow. In other words Indo-Pacific vision of these countries seeks to promote global digital governance model which is against data localisation. It is against India's stated position as India has not only stayed away from ongoing discussion at WTO on digital trade but has also announced regulations to ensure data localisation. India may have taken a stand but given the anticipated direction of change, staying out of ongoing negotiation for setting the global norms pertaining to digital global governance is not a conducive option. Therefore, India should



engage with Indo-Pacific participating countries at platform such as IPEF to highlight its concerns and avoid being left behind.

The economic underpinning of Indo-Pacific strategy is still developing. All Indo-Pacific participating countries are deeply integrated with China economically. Their firms have invested heavily in China and still consider china as main source of their competitiveness. However, foreign firms are also facing market access and IPR related challenges in China. Therefore, it is not surprising that except ASEAN Indo-Pacific Outlook, the Indo-Pacific strategies of all countries bats for *free, fair, reciprocal trade and liberal economic regime*. All Indo-Pacific participating countries express their desire to increase trade integration with Indo-Pacific nations and see free trade agreements as way forward. Notably trade agenda of these countries does not exclude China which perhaps suggests that these countries want trade realignment but without compromising their economic competitiveness and efficiency. However, since the outbreak of COVID-19 pandemic, diversification of the supply chain has gained prominence. Japan and Australia, which had not mentioned supply chain diversification in their Indo-Pacific strategies earlier, have started working on it. Similarly, USA in its recently launched IPEF has identified resilient economy as one pillar for cooperation with Indo-Pacific countries. It envisages achieving supply chain resilience by establishing early warning system, mapping the critical mineral supply and coordinated diversification measures. EU Indo-Pacific strategy has also mentioned supply chain diversification as one of the priority area.

Growing clamour of supply chain diversification under Indo-Pacific strategies augurs well for India as it opens a small but interesting window of opportunity. Given strong manufacturing based, availability of skilled manpower and recent push to enhance competitiveness of manufacturing sector through infrastructure up-gradation, regulatory reforms and fiscal incentives under Production Link Incentive scheme, India has the potential to emerge as a preferred destination for multinationals which may be thinking to shift part of their production out of China to comply with their respective government's vision of supply chain diversification. Though a separate study is required to identify the mutually beneficial

and economically viable products, there are certain products which fit the bill to be covered under supply chain diversification. Rare Earth Elements (REE) is one such group of items. REE supply chain is highly concentrated and countries like Japan, USA as well as EU member countries are trying to diversify their REE supply chain. India has fifth largest reserves of REE and therefore has potential to emerge alternative source of REE supply. Apart from REE, several products covered under PLI schemes such as active pharmaceutical ingredients (API), semiconductors, medical instruments, electronics etc. are other promising product segments. India should identify products at disaggregate level in these sectors and increase engagement with Indo-Pacific countries to devise a joint strategy for supply chain diversification of selected products.

## Endnote

- <sup>1</sup> The BDN was jointly announced by USA, Japan and Australia only. However, Organisation for Economic Cooperation and Development committed support to BDN last year

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