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From the Editor's Desk

The past month marked an important month for India's Indo-Pacific agenda, as the topic held front and centre at the G-20 Foreign Ministers' meeting as well as Track 1.5 events like the Raisina Dialogue. February began with Ajit Doval, India's National Security Advisor, visit to the US to discuss bilateral, regional and global issues of mutual interest. Importantly, India, France, and the UAE announced the launch of a new trilateral that envisages cooperation in energy, climate, defense, and health, in the Indian Ocean. Simultaneously, India is also making headway in reaching out to key regional powers. For instance, post Canada's release of its Indo-Pacific policy – and its addition to a select club of countries adopting the Indo-Pacific concept – Canadian Foreign Minister Melanie Joly visited Delhi for the India-Canada bilateral Strategic Dialogue and how both countries could cooperate to realise their shared vision of the region. In another important development, Filipino President Bong Marcos signalled the country's re-commitment to the America's regional security architecture by agreeing to establish US bases in four more locations and announcing its intention to further expand relations with US ally Japan. More than anything, the move will be a blow to Beijing, which has been long attempting to draw Philippines to its circle of influence. We bring to you all this and more – happy reading!

Jai Hind

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PEEP-IN

The Perception Gap and the China-US Relationship

Read more about it at :-

https://www.apln.network/analysis/policy-briefs/the-perception-gap-and-the-china-us-relationship

QUOTE

"India is a critical power, a great power in the region. There is no reshaping of the Indo Pacific without India."

- Penny Wong
Australian Foreign Minister

Opinions/Review/Expert View

India's Arcraft Carriers Key to Indo-Pacific strategy

Source: Ashok Sharma and David Rising, Diplomat

https://thediplomat.com/2023/02/indias-aircraft-carriers-key-to-indo-pacific-strategy/#:~:text=A%20refurbished%20Russian%20aircraft%20carrier,projection%20in%20the%20Indian%20Ocean *07 Feb 2023*

Navy sailors pose for a selfie on the deck of India's first home-built aircraft carrier INS Vikrant, after it was commissioned in Kochi, India, Friday, Sept. 2, 2022.

Credit: AP Photo/Prakash Elamakkara

India is preparing to relaunch its INS Vikramaditya aircraft carrier after a major refit, a critical step toward fulfilling its plan to deploy two carrier battle groups as it seeks to strengthen its regional maritime power to counter China's increasing assertiveness.

A refurbished Russian aircraft carrier, INS Vikramaditya, will join the indigenously manufactured INS Vikrant soon to boost India's power projection in the Indian Ocean.

The Vikramaditya, a former Soviet carrier acquired from Russia, is expected to be launched imminently. It will join India's first domestically built carrier that was launched in September, the INS Vikrant, in undergoing outfitting and sea trials, with the plan to have both fully operational later this year.

"This is significant in terms of India's power projection capabilities, primarily within the Indian Ocean," said Viraj Solanki, a London-based expert on Indo-Pacific defense with the International Institute for Strategic Studies. "This really gives India an option to display its ability to counter China within the Indian Ocean, which is the Indian navy's priority."

China's People's Liberation Army Navy has been expanding and modernizing for more than a decade and is now the world's largest. In June, it launched its first domestically designed and built aircraft carrier, the country's third overall, as part of a program to extend its range and power and become more of a "blue water" force that can operate globally.

At the same time, China's People's Liberation Army has undertaken massive investment in ballistic and cruise missile technology, and the U.S. Defense Department says it will have the ability to conduct "long-range precision strikes against land targets from its submarine and surface combatants" in the "near term."

As Beijing increases its naval presence around Taiwan and pushes its claims in the South China Sea, the United States, Britain, and other allies have responded with regular naval exercises in the region and passages through the Taiwan Strait as they pursue a policy of a "free and open Indo-Pacific."

China has not yet sailed an aircraft carrier into the Indian Ocean but is expected to do so within the next few years. It already has other vessels operating regularly in the region and has established its first overseas base in

the Horn of Africa country of Djibouti, which gives it easy access to the Indian Ocean.

China set off alarm bells in New Delhi in August when it docked what India called a "spy ship" in Sri Lanka's Hambantota port off of India's southern coast, a facility that was leased to China in 2017 for 99 years.

"New Delhi sees Beijing as encroaching into its traditional sphere of influence, especially in the Indian Ocean region," said Ridzwan Rahmat, a Singapore-based analyst with the defense intelligence company Janes.

"While a potential war with China will likely be fought inland, China's presence in the Indian Ocean region can severely disrupt India's sea lines of communication, which will be essential in sustaining the war effort. The Indian navy's recent modernization track is to ensure that scenarios like these will not take root," Rahmat said.

China's People's Liberation Army has undertaken massive investment in ballistic and cruise missile technology, and the U.S. Defense Department says it will have the ability to conduct "long-range precision strikes against land targets from its submarine and surface combatants" in the "near term."

Like China, India has nuclear weapons and has been building nuclear-powered ballistic missile submarines as part of its "nuclear triad" of air, sea, and land-based platforms. It currently has two such subs and plans for two more, as well as nuclear-powered attack submarines.

Its fleet also includes 10 destroyers, 12 frigates, and 20 corvettes.

India and China clashed on their land border in 2020, with 20 Indian and four Chinese soldiers killed. The skirmish turned into a long standoff in the rugged mountainous terrain, where each side has tens of thousands of military personnel.

Retired Indian navy chief Arun Prakash suggested that experience could make the seas more important in the event of a future conflict.

"The 30-month-long Sino-Indian military impasse in the Himalayas and China's strategic posturing in the South China Sea should be clear pointers for India's decision-makers that maritime power will have a critical role to play as an instrument of state policy in future outcomes," Prakash wrote in December in The Indian Express.

With two carriers, India plans to have one stationed on each coast, said Capt. D.K. Sharma, a retired Indian navy spokesperson who now consults on defense issues.

India's focus has tended to be toward Pakistan in the west, but with the presence of Chinese vessels in critical shipping lanes east of India, it is prudent for the Indian navy to make its presence felt there as well, Rahmat said. He cautioned, however, that India still lacks many of the support systems, among other things, to make its carriers effective.

"The vessels themselves may be operational but the Indian navy is still several years away from being able to project its forces credibly into the Indian Ocean region," he said.

Indian Prime Minister Narendra Modi hailed the launch of the Vikrant as a victory in his "Make in India" campaign to become more self-reliant in defense.

The navy has been pushing for another carrier to be made at home, but political concerns coupled with the lengthy delays and massive cost overruns in the construction of the Vikrant have left many skeptical it will ever come to pass, said Indian defense analyst Rahul Bedi.

"The government doesn't really have the money or the vision to go in for another aircraft carrier," he said.

In its proposed 2023-24 budget presented Wednesday, the government increased defense spending by less than 2 percent, further calling into question major new investments in carriers. Even if it does go ahead, a third carrier would take years to build.

"New Delhi sees Beijing as encroaching into its traditional sphere of influence, especially in the Indian Ocean region," said Ridzwan Rahmat, a Singapore-based analyst with the defense intelligence company Janes.

As it outfits the Vikrant, India is expected to decide soon on the purchase of 26 maritime strike fighters — either the French Rafale-M or American F/A-18. The Indian air force already operates a version of Dassault Aviation's Rafale, which would make maintenance easier, while Boeing's F/A-18 can carry more missiles.

The Vikramaditya will continue to operate Russian-made MiG-29K fighters India already owns.

India has been seeking to lessen its reliance on defense equipment from Russia, which currently provides about 60 percent of its inventory, with the war in Ukraine raising questions about their effectiveness and the availability of spare parts. The United States and other allies have been pitching themselves to New Delhi as alternatives and are increasing their cooperation with the key regional player as they intensify their own focus on the Indo-Pacific.

However, experts say that even with domestic production and diversification of acquisitions, it could take India 20 years to get past its dependence on Russian supplies and spares.

Even before the Russia-Ukraine war, India was increasing its diplomatic engagement with the Quad grouping of the U.S., India, Japan, and Australia, the Association of Southeast Asian Nations, and other countries individually, Solanki said. "This really accelerated after the June 2020 India-China clashes on the border," he said. "That is when we've seen a real shift and focus to engage with the Quad, with France, to engage with the U.K. more actively, work with Europe further … and work with the ASEAN countries as well."

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Japan's New Defense Direction and its Indo-Pacific Policy

Source: Ishihara Yusuke, Diplomat

https://thediplomat.com/2023/02/japans-new-defense-direction-and-its-indo-pacific-policy/ 05 Feb 2023

PACIFIC OCEAN (Jan. 10, 2011) The Japan Maritime Self-Defense Force destroyer JS Kurama (DDH 144) leads a formation with the Arleigh-Burke-class guided-missile destroyers USS Gridley (DDG 101) and USS Stockdale (DDG 106). Credit: Official U.S. Navy page

The National Security Strategy and the two accompanying documents, released by the Japanese Government in December 2022, represent the country's deepening strategic thinking and the resultant transformation of its defense policy in particular. As widely reported, the three documents place particular emphasis on a new plan to acquire "stand-off" missiles that will constitute a core element of Tokyo's "deterrence by denial and cost-imposition" (Ken Jimbo) vis-à-vis Beijing, along with the enhanced resilience of Japanese bases, more robust intelligence, and other new capabilities.

The National Security Strategy and the two accompanying documents, released by the Japanese Government in December 2022, represent the country's deepening strategic thinking and the resultant transformation of its defense policy in particular.

Tokyo aims to ensure that, even in the event of massive strikes by the massive arsenal of the People's Liberation Army (PLA) (a nucleus of its anti-access/area-denial (A2/AD) strategy), surviving SDF units would remain capable of conducting their own strike operations to, for example, take down the PLA's amphibious forces and even targets inside Chinese territory. Through these measures to deny any potential attempt by Beijing to alter the Japanese territorial status quo, the three documents declare that Japan will assume "the primary responsibility" for defending itself even against a far more powerful China.

Crucially, this new defense policy, as outlined in the documents, is not only reshaping the SDF's capabilities and Japanese government's security system, but also changing the country's Indo-Pacific policy by injecting strategic thinking and creating new security instruments. The links between the defense and Indo-Pacific policies are particularly salient in three contexts.

First, the alliance with Washington, a pillar of Tokyo's Indo-Pacific policy, is transforming in reflection of Japan's emerging resolve and capacity to act. When it comes to long-range strike missions, for example, the two allies' coordination at present can only be a one-way street in which Japan, without relevant capabilities, requests the United States to conduct operations to strike distant targets. As a result of Japan having its own strike options, the alliance is seeking to build more interactive coordination processes in which Tokyo has a greater say and capabilities to offer. Moreover, Japan's increasing capacity to absorb, survive, and degrade the PLA's A2/AD capabilities mean that U.S. military operations in the Far East may become more visibly dependent on a strengthened SDF and Tokyo's strategic decisions. It should be noted that the

building of this kind of interactive coordination and cooperation between the two militaries is far from a guaranteed result given that Japan declines to come under a U.S.-led combined command structure like NATO and the US-Korea Alliance.

Second, the three documents envisage that Japan is becoming more resolved and equipped to promote what can be termed "tailored networking" with other Indo-Pacific players. At the most basic level, the consolidation of Japan's military strategy to defend itself is preparing Tokyo to engage in deeper security discussions and strengthen its relations with other Indo-Pacific partners to keep China's strength in check. This is an obvious boost, for example, for the Japan-Australia relationship in light of the two countries' late 2022 security declaration, in which they committed to consult with each other on security emergencies, a pledge reminiscent of the ANZUS treaty. The new National Security Strategy and accompanying two documents also envisage that Japan is going to have new tools to strengthen relations with many other partners, both through the relaxation of restraints upon Japan's arms exports being considered and new security assistance budgets beyond the existing foreign aid protocols. The former has a direct bearing on Japan-U.K.-Italy joint development of a fifth-generation fighter while the latter will be an instrument for promoting ties with, for example, Southeast Asian states. By advancing such "tailored networking," Japan seeks to reinforce a regional picture in which its strategy and defense build-up are not stand-alone efforts but a part of promoting what the three documents conceptualize as a "new balance" even under the shadow of a powerful China.

The new National Security Strategy and accompanying two documents also envisage that Japan is going to have new tools to strengthen relations with many other partners, both through the relaxation of restraints upon Japan's arms exports being considered and new security assistance budgets beyond the existing foreign aid protocols.

Third, Japan is promoting what it dubs a "constructive and stable relationship" with China. The word "constructive" suggests that Japan and China should focus on cooperating where they can even if the two countries have problems in other issue areas. "Stable" signals that existing problems should be prevented from leading to an unwelcome eventuality. This is by no means hollow rhetoric. As the three documents note, Japan's resolve to accept the primary responsibility for its own defense and its unprecedented defense build-up are expected to "bolster the solid footing of Japan's diplomacy"; in other words, its efforts to manage tensions with China by foreclosing any other options for Beijing but to co-exist with a newly formidable Japan.

Amongst many challenges for promoting these three sets of Indo-Pacific relations, the most complex is the management of their inevitable interrelations. Depending on how Japan works these out, it could face a positive or negative circle. For instance, the introduction of Japan's greater strategic thinking into the relationship with the United States may help Japan promote its relations with other players such as India, which tend to welcome Japan's greater agency as a security actor, while the alliance itself continues to attract Australia as a close partner. Moreover, the visible promotion of a Japan-China relationship can make Tokyo a

more sure-footed partner for many regional states which choose to live with and benefit from China and thus facilitate Japan's relationship-building, for example with Southeast Asian countries. If these relations were to go awry, it may become harder to achieve international conditions conducive to maximizing the intended effects of the defense policy in the long run. In this sense, Japan's new defense policy is not only impacting its Indo-Pacific policy, but also vice versa.

India-US Technology Initiatives Launched with Eye on China

Source: Anjana Pasricha, Voanews.com

https://www.voanews.com/a/india-us-technology-initiatives-launched-with-eye-on-china/6949515.html 06 Feb 2023

FILE - Researchers wearing bunny suits work inside the semiconductor fabrication lab at the Centre for Nano Science and Engineering (CENSe), situated at the Indian Institute of Science (IISc), in Bangalore on June 30, 2018.

NEW DELHI — A technology and defense initiative by India and the United States aims at countering China and reducing New Delhi's dependence on Russian weapons. Analysts say it also marks a significant push in tightening the U.S. and India's strategic partnership.

"This convergence comes at a time when technology is becoming a determinant in U.S.-China relations and in some ways the geopolitics of technology is shaping the global balance of power."

Both countries will deepen cooperation in areas like quantum computing, artificial intelligence, 5G wireless networks and semiconductors — areas in which China has acquired a dominating position.

"This convergence comes at a time when technology is becoming a determinant in U.S.-China relations and in some ways the geopolitics of technology is shaping the global balance of power," said Harsh Pant, the vice president of studies and foreign policy at the Observer Research Foundation in New Delhi. "This also represents America placing a huge bet on

India's emergence as a major player in the Indo-Pacific.".

Senior officials from both countries met in Washington earlier this month for the U.S.-India Initiative on Critical and Emerging Technologies, which was announced by U.S. President Joe Biden and Indian Prime Minister Narendra Modi last May on the sidelines of a Quad summit held in Tokyo.

Jake Sullivan, the U.S. national security adviser, told reporters that the goal is for technological partnerships to be "the next big milestone" in the India-U.S. relationship.

Concerned about U.S. reliance on China for critical components such as semiconductors, Washington has taken steps to halt the sale of advanced semiconductor technology to Beijing and wants to shift the manufacture of such components to friendly countries.

India, whose relations with Beijing have plummeted since a deadly clash along their Himalayan border three years ago, also wants to boost local manufacturing in crucial sectors such as semiconductors which are at the heart of modern electronic devices.

"Geopolitics is a big driver of this new initiative," said Michael Kugelman, director of the South Asia Institute at the Wilson Center. He says the agreement reflects how far the India-U.S. relationship has come over the last few decades. "In recent years they've built enough trust to be talking about technology transfers and intelligence-sharing—something that Washington tends to do only with its closest strategic partners."

The agreement also aims to facilitate joint development of defense technologies and weapons production in India. New Delhi wants to coproduce weapons in India with foreign defense manufacturers rather than purchase them outright, but U.S. restrictions on transferring defense technology have stalled such efforts with American companies.

The initial focus will be on jet engines, artillery systems and armored infantry vehicles. During the February 1 meeting in Washington, American officials said that the government would look into expediting a review of an application by U.S. manufacturer General Electric to jointly build jet engines in India for Indian aircraft.

"In recent years they've built enough trust to be talking about technology transfers and intelligence-sharing—something that Washington tends to do only with its closest strategic partners."

"The more India and the U.S. will work on cutting edge technologies, the less relevant Russia will become to India's strategic calculations," Pant said.

India's partnership with Washington has been spurred by New Delhi's growing worries about China as troops from both countries faceoff along their disputed Himalayan border for a third winter. However, India did not join in Western sanctions against Russia or outright condemn the Russian invasion of Ukraine, raising questions about the divergent position it took from the U.S.

Analysts in India pointed out that besides its longstanding policy of strategic autonomy, New Delhi's choices were also constrained by its heavy dependence on Russia for weapons. Although India has diversified its defense

purchases in recent years, more than two thirds of its military equipment is of Russian origin and critical to its security needs amid its standoff with China.

"Washington's current policy is to play a long game and to try to persuade New Delhi that over the longer term, Moscow will be too cash-strapped and sanctioned to provide military supplies to India," Kugelman said. "And that the U.S. will position itself to provide India with the types of military equipment that New Delhi has long secured from Russia."

However, translating the potential of the defense and technology agreements on the ground remains to be tested because much will depend on how private companies in both countries move to firm up partnerships. While India has a highly skilled workforce, American companies have long complained of Indian regulations that have been an obstacle to manufacturing in the country. India on the other hand cites strict U.S. regulations on technology transfers as hampering those efforts.

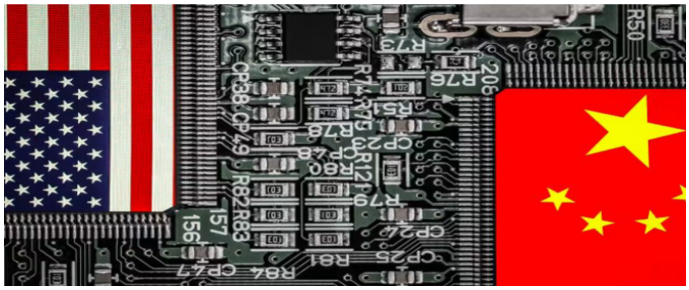
But the agreement is seen as a positive signal of the two countries overcoming long-standing issues of trust.

"Despite India's stand on Ukraine, despite some other problems, these have become marginal to the larger strategic vision that the two nations have. It is now guided by the Indo-Pacific, where they are increasingly on the same side," Pant said.

The Great U.S.-China Tech Decoupling: Perils of Techno-Nationalism

Source: Vivek Mishra, ORF

https://www.orfonline.org/expert-speak/the-great-u-s-china-tech-decoupling/ 04 Mar 2023



The United States and China have entered a phase of competition for technological advantage, intensified by pandemic-induced supply chain vulnerabilities as well as a fundamental reorientation of global power dynamics where technology has come to play an unprecedented role. According to Eric Schmidt, the former Google leader, "Many Americans still have an outdated vision of China… the United States now faces an economic and military competitor in China that is aggressively trying to close our lead in emerging technologies." Unless trends change significantly, the US will be competing with a China that is not only bigger in its economy but has better R&D, superior technologies, and stronger computing infrastructure. Decoupling, therefore, has become a necessary strategy for the US as China speeds up its tech advancements, many believe, by its use of unfair means. Such sentiments are supported by the bipartisan political consensus in Washington on the need to

The United States and China have entered a phase of competition for technological advantage, intensified by pandemic-induced supply chain vulnerabilities as well as a fundamental reorientation of global power dynamics where technology has come to play an unprecedented role.

be tougher on China. However, decoupling bears costs and challenges for both the US and China. Areas like innovation, specialisation and costs are all expected to be impacted in both countries by the tech decoupling. One obvious area of impact is slowing global trade, changing the inherent characteristics of globalisation as we know it.

The core elements of technology and the competition around it have been underscored as a structural force that will shape the global competition, potentially resulting in new technological leaders or hegemonies in the next two decades. For the US, China is at the heart of that concern.

Indeed, the US-China tech rivalry has become one of the most keenly observed areas in the emergent great-power discourse. Although the Biden administration's recent export control measures against China are the current reference point, the bilateral technology interface between the two countries has been a contested domain for some time now. As part of Trump's trade war against China—including a plan to impose tariffs worth US$50 billion in May 2018—his administration imposed limits on Chinese investments in US high-tech industries. It specifically targeted Chinese imports "containing industrially significant technology, including those related to the 'Made in China 2025' program". This step was part of a broader attempt by the US to protect its intellectual property rights and to curb Chinese acquisition of US technology through its growing investments in the sector. Expectedly, China threatened the US with retaliatory measures; it has responded only selectively at the time of this writing.

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At the heart of the emerging US tech concerns about China was the investigation by the United States Trade Representative (USTR) in 2017 which found that China's aggressive technology policies had put 44 million US jobs in the technology sector at risk in four ways: forced technology transfer; license requirements at less than economic value; China's acquisition of industrially significant US technology for strategic purposes; and cyber theft. The US argued that these activities violated provisions of the United States Trade Act of 1974. Such transgressions prompted the US under Trump to file a violation dispute against China under WTO provisions in March 2018, laying the foundation for the tech-decoupling with China. Throughout the Trump presidency, tariff and export controls encouraged US companies to move their manufacturing bases out of China. President Trump banned ZTE, a Chinese telecoms-equipment maker, from buying American chips and denied Chinese company Huawei access to US components.

Biden Imprint

The Biden administration has doubled down on these measures, speeding the decoupling process. Perhaps the strongest impetus was provided by the Biden administration's decision to implement the CHIPS Act 2022. Today, there is bipartisan consensus in the US Congress on enhancing technology controls, particularly in the so-called 'strategic technologies' where China's rapid advancement is expected to challenge the US and threaten its national security and economic interests. The larger geopolitical challenge for the US is that China could use its techno-economic

advantage for political leverage across the world and cause changes to the extant world order.

Given the primacy of technology in emerging geopolitics, the US focus on tech competition has both immediate and long-term motivations. The August 2022 Executive Order implementing the CHIPS Act of 2022 was critical in fundamentally altering the US's relations with China. The Biden administration has not only sped up the process of tech decoupling with China but expanded it horizontally across sectors to make tech competition one of the primary fulcrums of US China policy.

Led by the Bureau of Industry and Security (BIS), the US imposed sanctions on the export of advanced semiconductors, chip-making equipment and supercomputer components to China. The US Entity List, which bars US firms from importing US goods without a license and contains names of individuals, companies, businesses and institutions that require a specific license for the "export, reexport and/or transfer (in-country) of specified items" has quadrupled, from 130 to 532, between 2018 and 2022. As a result, most of the leading Chinese companies and organisations dealing with supercomputing, chip/semiconductor manufacturing are now present on the US Entity List, including China's leading company Semiconductor Manufacturing International Corp. (SMIC), limiting China's access to key US technologies. Chinese companies like Huawei have been particularly affected by the extension of BIS's 'foreign product direct rule' to cover non-US items made using US technology.

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The extension of US export controls has also affected the ability of third countries' manufacturers and designers to sell chips to Chinese companies like Huawei. Effectively, these steps formed a decisive moment for three reasons: they stopped the supply of high-end semiconductor chips to China; halted China's ability to get machines that manufacture chips globally; and stopped US citizens (including Green Card holders) from working for a Chinese semiconductor company or providing them support and knowhow. The decision intended to provide incentives for research, development and manufacturing of semiconductors within the US.

The US under Biden is decoupling from China for two related reasons: to slow China's technology-related advances, and in turn curb its economic and, more importantly, military ambitions. The long-raging debate between hawks and doves on China within the Biden administration seems to have ended with harsh and immediate steps being taken against China. More importantly, even harsher steps are now being anticipated from the Biden administration in other strategic sectors like biotech, manufacturing, and finance. As chips are critical to Artificial Intelligence and technology, increasingly dependent sectors such as supply chains, e-commerce, autonomous vehicles, cybersecurity, medical imaging, drug discovery, climate modelling and defence production in China are expected to be hurt. However, even as these steps could slow Chinese economy and growth in multiple ways, it is also expected that US-led restrictions will trigger a domestic rush in chips manufacturing in China.

Fractured World Order

The US government's decision to technologically decouple from China can be traced as far back as mid-2010. The latest sanctions are more 'offensive', however. With continuing measures such as export and import controls, inbound and outbound investment restrictions, licensing and visa bans and law enforcement, the US has also increased investments in technological research and development. The CHIPS Act appropriates US$52.7 billion over five years for semiconductor R&D, incentivises its manufacturing in the US, and lays out ambitious expansion plans for the National Science Foundation, Department of Energy, and National Institute of Standards and Technology. This is in line with proposals in the United States Innovation and Competition Act (USICA) and the COMPETES Act that seek to create strong foundational support for research especially in STEM sectors. The CHIPS Act also ushers other new provisions such as a 25-percent tax credit for investing in semiconductor manufacturing facilities in the US, limits expansion of semiconductor manufacturing in China, and authorises close to US$170 billion in funding over five years for research and development initiatives across multiple federal agencies.

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Although China has so far not reacted to Biden's steps in the same way as it had to Trump's in the 2018 tariff war, the sweeping regulations by the Biden administration has laid the foundation for further escalation in an already competitive duopoly between the two largest powers. At the global level, the steps taken by the US are also likely to redefine the metrics of great-power competition in the new world order that is hinged on technology and its use, even as chips have become central in both day-to-day living and in wars. The Russia-Ukraine war, for example, has underlined the centrality of chips in modern conventional wars. At the height of the war, Russia faced severe shortages in chips, causing problems in the launch of missiles and other munitions. In what is a torturous cycle, wars like that in Europe, in turn, can have a debilitating impact on the production and supply of critical chips and affect the lives of citizens across the globe.

The post-Ukraine world order has set the US and China on the path to tech decoupling, even as both countries have focused on domestic strengthening of tech manufacturing, greater economic control, and self-reliant agendas. While the US has focused on domestic growth, China has reinforced its vision through the 'Made in China 2025' (MIC 2025). It intends to boost competitiveness with the help of industrial rejuvenation and increasing its position in global manufacturing value chains, advancing rapidly in the emerging technologies sector, and reducing reliance on foreign firms. There are 10 sectors in China's industrial priorities for 2015-2025: new-generation information technology; high-end computerised machines and robots; aerospace; maritime equipment and high-tech ships; advanced railway transportation equipment; new-energy and energy-saving vehicles; energy equipment; agricultural machines; new materials and biopharma and high-tech medical

devices. These innovation priorities have found technology, particularly chips, at the centre of their manufacturing and distribution processes. What the US is particularly concerned about is that China and its supported entities are being disingenuous in the acquisition and absorption of these technologies from the US and other countries and is recasting them as its own. China denies these allegations.

Global Impact

The impact of US-China tech decoupling could rattle the world. Already, countries have started preparing cushions for the broader ramifications of these developments both by partnering with other countries and shoring up domestic manufacturing and supplies wherever possible. Despite the Semiconductor Industry Association's advice for countries like the US and China to adopt a targeted regulation instead of sweeping bans to maintain a level playing field in the semiconductor industry, it remains shadowed by geopolitical interests of major powers.

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Technology, particularly chip manufacturing, is central to modern economies and both the US and China have moved to ramp-up semiconductor manufacturing and control its supply in the future. Since 2020, at least 35 semiconductor companies across the US have pledged as much as US$200 billion in investments to boost domestic chips manufacturing. Leading among them are companies such as chip giant Intel which has recently pledged US$20 billion in two new factories in Ohio to make semiconductors; and Micron Technology which is expected to spend as much as US$20 billion by the end of this decade in the US. The Taiwan Semiconductor Manufacturing Company also plans to triple its investments in the US to US$40 billion.

China is moving to close the tech gap with the US, committing as much as US$1.4 trillion over five years to build strategic technologies and digital infrastructure domestically. These include Artificial Intelligence, Chips, 5G, and Internet of Things. It is being anticipated that China will take the same US path in highly subsiding its domestic tech companies, a process which is already unraveling. In its endeavour to become technology self-sufficient, China is likely to focus more on 'deep technology' such as semiconductors and AI. In the process, huge state subsidies are likely to be provided by China to companies manufacturing chips and critical technologies. Already, a call for ushering tech breakthroughs by mobilising national resources has been given by Chinese leader Xi Jinping in September 2022. At the 20th Party Congress shortly after, the Communist Party of China (CPC) declared technological innovation as the core driver of the country's development.

The great decoupling between the US and China could manifest itself most conspicuously in four ways: technology, trade, finance, and people. In today's geopolitical landscape between the two countries, all four are interlinked. The compulsions for decoupling with China, across a range of sectors led by technology, are provoked by the threats US faces in the national security domain from Beijing. Three critical documents brought out by the Biden administration—the

National Security Strategy (NSS), National Defense Strategy (NDS), and Nuclear Posture Review (NPR)—all point to China as the most potent challenge to US hegemony, even as Russia's war-led resurgence also presents a formidable threat. Most categorically, the US NSS defines China as the "only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to advance that objective." These assessments have placed the tech-threats from China to US among its core national security concerns, pushing the US to counter such threats by steps taken domestically as well as internationally.

The Chinese state will further press on with state support and subsidies to industries that deal with chips and other critical technologies, accelerating the process of attaining self-reliance in sensitive technologies and semiconductors.

Conclusion

While the tech-decoupling from China remains the Biden administration's core concern, the US is expected to work with a larger network of countries to create a soft-landing impact on its own economy. US partnerships with like-minded partners and its allies are essential in tackling the China challenge and the wider ramifications of the regulations in the tech sector against China. As the US and China move towards dealing with the unraveling effects of tariff barriers, export controls, sanctions and blacklisting, two different trends are expected to emerge in China and the US-led coalition. The Chinese state will further press on with state support and subsidies to industries that deal with chips and other critical technologies, accelerating the process of attaining self-reliance in sensitive technologies and semiconductors. Bilaterally, China could retaliate by cancelling agreements on trade with the US including the recently signed Audit Firm Supervision Agreement, or by filing a complaint of violation against the US at the WTO.

Internationally, China could strengthen its partnerships and increase investments in countries that are rich in rare-earth materials, an important component of chips, while leveraging its own rare-earth deposits estimated at 44 million metric tonnes. On the US side, private enterprises are expected to act more freely in reducing the impact of the new restrictions and regulations by offshoring responsibilities to other countries and partners. Critical in such efforts will be the US-led 'Chip 4' alliance comprising Japan, South Korea and Taiwan—three countries which control much of semiconductor manufacturing, design and supplies. As Chinese threats to these three countries precede the chip-conundrum and are tied to the larger Pacific balance, they are only likely to intensify.

Lastly, the effort of the US to create a resilient technology partnership against China in the Indo-Pacific and beyond has to be carefully calibrated. Especially as the Biden administration enters a 'democracy versus autocracy' debate to target and differentiate from China, it has to be careful about the assessments from its other Indo-Pacific partners. Not all countries conform to Washington's definition and understanding of democracy, especially those from the global South. The US should strike a balance and accommodate its other partners in the Indo-Pacific in its efforts to link a human rights 'code of conduct' with export controls.

With tech-related and tech-enhanced capabilities, 'grey zone' activities of countries are likely to increase. These expectations only heighten when assessed in relation to China. Only time will tell if US concern over China's tech rise is overstated..

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The India-Italy Connect in the Indo-Pacific

Harsh V. Pant, ORF

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In the last few years, there has been an impressive acceleration in Italy's engagement with the Indo-Pacific and not only in terms of economic presence, which was already very marked, but also political attention. This transition has received support from New Delhi where India's inclusive vision of the Indo-Pacific region aims to create a space of cooperation with like-minded partners to foster mutual prosperity and security. On 2 March, Italian Prime Minister Giorgia Meloni will be inaugurating the 8th Raisina Dialogue, India's flagship annual geopolitical conference co-hosted by the Ministry of External Affairs and Observer Research Foundation. The dialogue will be provide a forum to Meloni to enunciate her vision for an Italian engagement in the Indo-Pacific.

Underlying Rome's rapprochement with the Indo-Pacific is its awareness of the region's importance for its own economy, both in terms of the strategic maritime routes for the supply of key resources and the volume of trade with players in this area. Europe's second-biggest industrial power and eurozone's third-largest economy in terms of GDP, Italy counts India among its major trading partners in the Indo-Pacific. Within the European Union (EU) framework, Rome, in turn, is a reliable and strong economic partner for a growing economy like India.

The Narendra Modi government's Make in India programme, which was launched in 2014 and has found wide interest from foreign partners, is the natural destination for many Italian companies interested in entering the nascent Indo-Pacific ecosystem. The guarantee of sustainability and security provided by the commonality of values and mutual interests between India and Italy represent a positive alternative to the supply chain crisis exacerbated during the pandemic.

Strengthening the Ties

Parallel to the economic priorities lie the benefits of the Italy-India rapprochement in terms of Rome's sensitivity to the risk generated by China's assertiveness. Meloni had spoken out strongly against Chinese threats to Taiwan during her 2022 election campaign. This month, Italian Minister of State for Foreign Affairs Matteo Perego Di Cremnago attended Aero India 2023 in Bengaluru and met with Indian Indian Defence Minister Rajnath Singh. Di Cremnago expressed Rome's interest in elevating bilateral relations with New Delhi to the level of a strategic partnership. A few weeks earlier, Meloni had concluded a similar agreement with Japanese Prime Minister Fumio Kishida.

Reports of an incoming Italian naval mission

to the Indo-Pacific — just days before Meloni's visit to Delhi — underscores a new seriousness in Italy's view of the strategic importance of the region. The Indian government's decision to bring Italian aerospace firm Leonardo back into its defence market and the contribution of shipbuilding company Fincantieri to the construction of India's first indigenous aircraft carrier INS Vikrant bodes well for strong India-Italy ties.

With a military base in Djibouti, and a constant presence in the Western Indian Ocean due to the EU's anti-piracy initiative Operation Atalanta, the Italian Navy is a natural partner for the Indian Navy. The appointment of a naval observer at the Information Fusion Centre – Indian Ocean Region further strengthens the interconnectivity of the two armed forces within the framework of a common holistic maritime security vision. Rome's upcoming naval mission in the Indo-Pacific will be a part of the larger interaction with friendly countries and an opportunity for the Italian Navy to explore new forms of mutual understanding with the Indian Navy. This is considering the centrality of the maritime component in the Indo-Pacific concept.

Advantage Troika

Taking this momentum forward, India and Italy must work to further strengthen their partnership by exploring areas of concrete cooperation in the Indo-Pacific. Characterised by the varied presence of plurilateral initiatives, the Indo-Pacific's dynamism is the result of the possibility for the various actors to cooperate in different platforms on projects of mutual benefit. The contribution that Italy can make from maritime security and energy transition to the restructuring of supply chains, including technological and economic development, must be included in the existing spectrum of initiatives. These include the Indo-Pacific Oceans Initiative (IPOI) and Indian Ocean Rim Association (IORA), of which India is a leading promoter through its SAGAR (Security and Growth for All in the Region) policy.

The India-Italy-Japan trilateral mooted in 2021 would be a meeting point for the technological and commercial partnership and the growing need for collective security in the region. Italy and Japan, both high-tech countries, can have in India and its vast market a resilient alternative to the growing instability generated by China's aggressive policies. Moreover, the troika would be a natural meeting point between India's vision of the Indo-Pacific and Italy's of an enlarged Mediterranean. It will create a permanent channel between Europe and Asia through a maritime connection with the Indo-Pacific.

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Cherry-Picks of the Month

1. India, Canada FMs discuss reset in ties with Indo-Pacific strategy - https://www.thehindu.com/news/national/india-canada-fms-discuss-reset-in-ties-with-indo-pacific-strategy/article66479145.ece

2. Great Leap Nowhere: The Challenges of China's Semiconductor Industry - https://warontherocks.com/2023/02/great-leap-nowhere-the-challenges-of-chinas-semiconductor-industry/

3. The Ocean-Climate-Security Nexus in the Indo-Pacific Island Nations: Broadening the Meaning of Security - https://www.isas.nus.edu.sg/papers/the-ocean-climate-security-nexus-in-the-indo-pacific-island-nations-broadening-the-meaning-of-security/

4. Transatlantic cooperation on the Indo-Pacific - https://www.chathamhouse.org/2022/11/transatlantic-cooperation-indo-pacific

5. Germany: Indo-Pacific region may dictate 21st century international order - https://www.philstar.com/headlines/2023/02/20/2246379/germany-indo-pacific-region-may-dictate-21st-century-international-order

CAPS Experts-InFocus

1. Japan and the Philippines seek closer Defence ties - https://capsindia.org/japan-and-the-philippines-seek-closer-defence-ties/

2. The Objectives of the 'Initiative on Critical and Emerging Technology' Conference - https://capsindia.org/the-objectives-of-the-initiative-on-critical-and-emerging-technology-conference/

3. Tracing India's Green Growth: Budget Priority and Potential - https://capsindia.org/tracing-indias-green-growth-budget-priority-and-potential/

Debates/Panel Discussions

1. Report launch- The first battle of the Next War: War gaming a Future invasion of Taiwan - https://www.youtube.com/live/MoZv_7KYMkA?feature=share

2. The expert panel on US China relations after the balloon gate - https://youtu.be/Pr-SSDRs7Lc

Podcasts

1. Biden's Indo-Pacific Strategy, With Lynn Kuok - https://www.cfr.org/podcasts/bidens-indo-pacific-strategy-lynn-kuok?utm_source=dailybrief&utm_medium=email&utm_campaign=DailyBrief2023Feb7&utm_term=DailyNewsBrief

2. Canada's Indo-Pacific Strategy, With Jonathan Berkshire Miller - https://www.cfr.org/podcasts/canadas-indo-pacific-strategy-jonathan-berkshire-miller

3. India's Year of Presidencies, with Veerle Nouwens - https://rusi.org/podcasts/bridging-the-oceans/episode-46-indias-year-presidencies

4. Another North Korean Missile Parade - https://podcasts.apple.com/au/podcast/198-singapores-relationship-with-china/id920247755?i=1000596830018

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