

THE GEOPOLITICS OF THE INDIAN OCEAN RIM

—CHANGES THAT US-CHINA CONFLICT CREATED AND THREE FACTORS TO WATCH—

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SUMMARY

- In conjunction with its Belt and Road Initiative, China is working on developing harbors in coastal states bordering the Indian Ocean. In response to this, the US is aiming to create a “free and open Indo-Pacific” (FOIP) as a framework to contain China, on top of the conventional perspective of Middle East security.
- The coronavirus pandemic has intensified the conflict between the US and China, causing many countries to reconsider their relationships with China. Against this backdrop, among the geopolitical factors occurring in the Indian Ocean Rim, the following three Indian factors are to be noted: (1) the FOIP’s shift to a framework based on infrastructure development (BDN), (2) the polarization of attitudes toward China, and (3) the China-India conflict.
- As the US becomes more involved in the FOIP, the Asia-Pacific region is being redefined into the larger Indo-Pacific region. The Indian Ocean Rim could become one important element in the new international order of the post-coronavirus era.

INTRODUCTION

The gradual shift of the world’s growth regions westward from East Asia is creating greater interest in the Indian Ocean Rim (IOR) region as a future growth engine. The region consists of countries surrounding the Indian Ocean, including India and some African countries. In terms of global geopolitics, the Indo-Pacific region has been gaining prominent attention amid the intensifying conflict between the US and China. It is being viewed as a key element for maintaining international order in the years ahead. The coronavirus pandemic also has a geopolitical impact on the IOR. This article provides an overview of how the IOR’s international order is changing, and looks at three geopolitical factors to watch in the coming years.

1. CURRENT STATE OF IOR

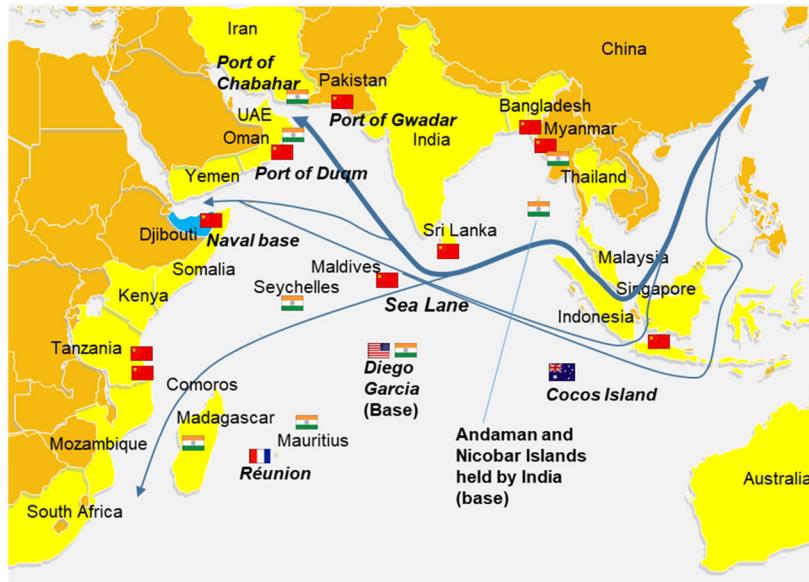
1-1. Overseas Indian economic zone and maritime security

The IOR is the region around the Indian Ocean. It includes the 22 member nations of the Indian Ocean Rim Association (IORA)¹, along with other countries such as Myanmar in Southeast Asia, India’s opponent Pakistan, and Djibouti in East Africa (Figure 1). Historically, Arab and Indian merchants were already traveling throughout

¹ IORA was created in 1995 as a venue for communication among member nations, similar to APEC as a Pacific Rim network. IORA’s roles include facilitating economic alliances, assisting development, and addressing common issues facing members. In comparison with APEC, IORA is quite small in scale, in terms of budget and administrative office functions. India and the UAE have each recently served as its chair, and its use as an economic zone has been explored. With Japan and other partner countries recognizing the growing importance of the IOR, steps are being taken to enhance its influence.

this region in the 14th and 15th centuries. Movements of people including workers (coolies) from India that Britain forced to migrate began in the 19th century, and they later settled as residents. In recent years, many foreign workers of Indian origin, so-called overseas Indian lives in and around the Middle East. These migrations have resulted in a large overseas Indian community abroad and have taken on some aspects of an overseas Indian economic zone.²

Figure 1 Geopolitical composition of IOR



Note: IORA members are highlighted in yellow.
Source: Created by MGSSI.

The IOR was mostly in the British economic bloc when Britain dominated the globe in the 19th century. With the subsequent rise of the US in the 20th century, the world’s growth region shifted to the Pacific Rim region that connects the US to East Asia. The focus of interest in the IOR shifted mainly to US-led Middle Eastern energy security. The US emphasized relationship-building with Middle Eastern countries, creating bases in Indian Ocean coastal states, and taking on the responsibility of ensuring maritime security in the Indian Ocean. In addition, the UK and France, with their colonies across the region, hold overseas territories (such as the French island of Réunion) and that also give them some influence in Indian Ocean security. India is the largest country in the region, and has a base in the Andaman and Nicobar Islands in the eastern Indian Ocean. The base is a point of strategic importance that can exert a great deal of influence over the sea lanes from the Middle East to the Strait of Malacca. Alongside the intangible influence through the overseas Indian community, India weild high influence on security in the IOR.

1-2. Shift from Middle Eastern strategy to China containment: Japan/US involvement

The situation described above has been changing significantly in recent years. Specifically, the US is becoming less involved in the Middle East (as pointed to in an MGSSI report released in August³). Meanwhile, China is working on developing harbors and other infrastructure in Indian Oean coastal states, which is part of the Belt and Road Initiative led by China on the back of its economic growth. The harbors are being financed by China and will be operated by Chinese companies. Since the development encircles the Indian Ocean, it has been named the “Pearl Necklace Strategy.” The US and others are highly concerned that the harbors could be militarized in the future, becoming a bridgehead for China in the Indian Ocean.

² The overseas Indian community extends from Southeast Asia to the Middle East, East Africa, and Mauritius and other island nations. It plays an important role in the economies of these countries. In Dubai and other parts of the Middle East, the community recently sees many Indian and other South Asian migrant workers on fixed-term contracts. The industrial world has become interested in the “IOR economic zone,” a keyword that indicates the IOR’s promising future as a growth area.

³ The report points out that advances in shale-layer development in the US have clearly reduced the US presence in the Middle East over the past decade or so. (Ito Mashino: “The Future of the Middle East Caught Between US-China and US-Russia Rivalry,” August 2020.)

Japanese Prime Minister Shinzo Abe responded to these moves by China with the announcement of the “Free and Open Indo-Pacific” (FOIP) concept at the Sixth Tokyo International Conference on African Development (TICAD VI) held in August 2016 in Nairobi, Kenya. The IOR is significant to Japan as an energy procurement and distribution route (sea lane) from the Middle East. It also plays a key role in helping the country build relationships with economic zones having high growth expectations, such as through economic assistance and infrastructure development for countries in South Asia and Africa. Abe’s FOIP concept looks ahead to Japan’s competitive strategy by calling for stronger ties with India and Africa while letting Japan reap the benefits of their growth.⁴ It is designed to make such benefits the source to drive Japanese growth by expanding the country’s foreign policy focus from the Asia-Pacific region to the Indo-Pacific region that includes the IOR (Figure 2). In May 2017, Indian Prime Minister Narendra Modi announced the Asia-Africa Growth Corridor (AAGC) initiative. Modi’s plan calls for infrastructure development in the IOR and alliances between Japan and India. It is one manifestation of the FOIP concept Japan created to counter China’s Belt and Road Initiative.

Figure 2 Embodiments of Abe Administration’s “Free and Open Indo-Pacific” Concept

1. Spreading and establishing rule of law, freedom of navigation, free trade and etc.
2. Pursuing economic prosperity
<ul style="list-style-type: none"> ◆ Improving (1) physical connectivity through high-quality infrastructure development, (2) people-to-people connectivity through such as human resource development, and (3) institutional connectivity through such as smoother customs clearance ◆ Economic partnerships and business environment development through such as EPA/FTA
3. Ensuring peace and stability
<ul style="list-style-type: none"> ◆ Helping Indo-Pacific coastline countries build capacity

Source: Created by MGSSI from “Jiyū de Hirakareta Indo-Taihei-yō to wa Kihonteki na Kangaekata” [The Free and Open Indo-Pacific: Basic Concept], Ministry of Foreign Affairs of Japan (www.mofa.go.jp/mofaj/files/000430631.pdf).

However, the FOIP signed by Prime Minister Abe and US President Donald Trump during Trump’s visit to Japan in November 2017 assumed different implications. The US-led Quadrilateral Security Dialogue (the Quad) between the US, Japan, Australia, and India was placed at the core of the FOIP. The US apparently changed its approach to the IOR in 2017, strongly prompted by the People’s Liberation Army’s first overseas base China established in East African nation Djibouti in the same year. The year 2017 has a significant meaning in this regard. The FOIP concept whose base is Abe’s economic strategy, was redirected to consider China more, in response to the US policy shift. Australia, as well as the UK and France with territories in the IOR, also exhibited active involvement in this matter for security reasons.⁵ The FOIP has now been transformed into a concept that includes implications for China containment, which strongly reflects US ambitions.

1-3. Views of related countries other than US and Japan

While the American and Japanese views of the IOR have been described above, other related countries have diverse perspectives from a mixture of political and economic motives. The same applies to the FOIP.

1. China

As described above, China’s approach to the IOR is a diplomatic strategy based on strengthening ties to the coastline countries, primarily by providing assistance for development of infrastructure such as harbors alongside its Belt and Road Initiative. The Indian Ocean sea lanes that provide routes for importing energy from Middle Eastern and African countries are crucial for China’s growth, making the IOR a region of high strategic importance for the country geopolitically.

⁴ Mataka Kamiya, “Cooperative Strategy to Realize Competitive Strategy: The Composite Structure of Japan’s Free and Open Indo-Pacific Strategy (Vision),” Society of Security and Diplomatic Policy Studies (Akiyama Associates).

⁵ The US, UK, Canada, Australia, and New Zealand constitute an intelligence-sharing framework called Five Eyes. Japan has made preparations to join it.

The base construction in Djibouti was supposed to enable international collaboration on activities such as combating pirates. At the same time, it gave China a foothold on the western edge of the vast Indian Ocean. This has a significant meaning as it provides not only sea lane defense but also a way to keep the US in check. Additionally, submarine patrols are the primary activity of the People's Liberation Army in the Indian Ocean, and China has recently been stepping up these patrols.

2. India

As Southwest Asia's leading and largest country, India places importance on its ties to neighboring countries. As such, it reacted to China's proactive approach, mostly through infrastructure assistance, to countries such as Bangladesh and Sri Lanka. India began to offer similar infrastructure assistance of its own, working to prevent its neighbors from becoming "pro-Chinese." India could also potentially play a major role in IOR security, as mentioned above. China has responded by admitting that India bears a certain responsibility for the security. Nonetheless, China has issued a stern warning to India for expressing its perception that the Indian Ocean is India's "backyard" and that India is responsible for maintaining security there.⁶

The existence of the loose network of overseas Indians mentioned previously also cannot be ignored. India represents a large share of the trade and investment ties created with the Middle East and Africa.⁷ Japan and India are actively working to create alliances through organizations such as the AAGC (mentioned above) because there lies large common economic interests, along with a shared concern over China.

3. Middle Eastern countries

Some overseas Indians who have settled in the Middle East have become well established in the community and started businesses. Dubai has also recently been growing its presence as a business hub with African countries. As described above, the IOR also remains important as a strategic security base for US policy in the Middle East.⁸

The growing conflict between the US and Iran has also had a major impact on the IOR. Among the affected areas are the ports of Chabahar and Gwadar. Chabahar is located near the Pakistan border in Iran, and was built with assistance from India. Gwadar is located in Pakistan (Figure 1). These ports are strategic points at which US-China, US-Iran, and India-Pakistan conflicts are complexly entangled. India is among the partner nations that the US has called on to support its sanctions on Iran. Yet, the port of Chabahar and work on infrastructure such as rail transport have been exempted from these sanctions, and India's development rights have been allowed to remain in place. The exemption is a concession the US has made to India for the purpose of its China strategy. The port of Chabahar is a short distance from Pakistan's port of Gwadar, which was developed by China and could possibly be militarized in the future by the country. Chabahar's location also makes the port an important base for the logistics for Afghanistan. Although denied by Iran, it has been reported that delayed project execution by India could lead to Iran excluding the country from projects and actively promoting participation by China.⁹ Some observers speculate that Iran may strengthen its ties with China. If that could be realized, China's influence on the IOR will likely increase.

4. Russia

With declining US involvement in the Middle East, Russia has recently been increasing its influence in the region; thus, Russia is sensitive to geopolitical changes in the IOR. At the end of December 2019, Russia made its presence felt by using the port of Chabahar in Iran as a base for conducting maritime military exercises together with Iran and China.¹⁰ Russia has had close ties with India since the days of the former Soviet Union.

⁶ "Indian Ocean cannot be backyard of India: China," *The Economic Times*, July 12, 2018.

⁷ Shinya Matano, "Indian Companies in Africa Leveraging Commerce Systems: Reference Cases of 'Make in Africa,'" Mitsui & Co. Global Strategic Studies Institute, March 2020.

⁸ A detailed description of recent geopolitical trends in the Middle East is given in the August 2020 MGSSI report. [Ito Mashino: "The Future of the Middle East Caught Between US-China and US-Russia Rivalry," August 2020.]

⁹ "Iran drops India from Chabahar rail project, cites funding delay," *The Hindu*, July 14, 2020.

¹⁰ "Iran, Chūgoku, Roshia ga kaigun gōdō enshū kaishi, taibei kinchō takamaru chū" [Iran, China, and Russia start joint naval exercises as tensions toward US rise], AFPBB News, December 28, 2019.

It has alliances with China and India through non-Western frameworks such as the Shanghai Cooperation Organisation and BRICS.

5. ASEAN countries

Located in the eastern IOR, the ASEAN countries generally have little interest in the region. That said, Indonesia is concerned about security against China due to its possession of a sea lane beside the southern tip of Sumatra, independent from the Strait of Malacca. The country is working on a defense alliance with India.

6. South Korea

South Korea announced its New Southern Policy (NSP) in 2017, calling for stronger alliances with the countries to the west of the ASEAN region. A joint US-Korean fact sheet was issued in 2019 to bring the NSP and FOIP together. South Korea also became an IORA partner country that year, beginning an active involvement in the IOR.

2. GEOPOLITICAL FACTORS AFFECTING STATE OF IOR IN POST-CORONAVIRUS ERA

As described above, America's China containment strategy has recently redefined the IOR to make it part of the world's "Indo-Pacific" region. However, since the affected countries are involved in a variety of ways, the future direction of the IOR does not seem to be set yet. This section presents three geopolitical factors that will affect the state of the IOR in the years ahead.

2-1. US involvement in FOIP: Potential of Blue Dot Network (BDN)

The first issue to consider is how US involvement in the FOIP will change. While China is stepping up its submarine patrols in the Indian Ocean, its deficit in military power is clear, compared to the US and other countries; therefore, it is unlikely that these activities will expand to the East China Sea or South China Sea. China is unlikely to act in ways that would make the US rewrite its basic scenarios on the FOIP for security reasons. However, with countries focusing on their domestic handling of the coronavirus as the pandemic continues to drag on, involvement in the IOR might well become a lower priority for the US. Less IOR involvement would also reduce the importance of the FOIP to the US at the same time. This decline in the importance of the FOIP could increase China's relative share of influence in the IOR. As if it had been waiting for the right moment, China has begun taking a hard-line stance on Hong Kong, and the possibility cannot be completely denied that it may become actively involved in the IOR.

The US presidential election in November will also affect the IOR. The US is not expected to change its core policy on China strategy regardless of the election outcome. However, its current approach of highlighting the conflict is partly an election strategy. The potential for a US post-election shift toward multilateral cooperation should be taken into consideration. The current pressure on the US to handle the coronavirus pandemic makes it unlikely that it will bear the costs needed to continue its one-on-one conflict with China.

In the scenario of multilateral cooperation, the FOIP could be altered from a framework focused on security to a multinational one based around infrastructure development. The US government announced a framework called the Blue Dot Network (BDN) in November 2019 (Figure 3). BDN is a multinational network designed to provide high-quality infrastructure development assistance. It works with development finance institutions from Japan and Australia,¹¹ providing other countries with standards for high-quality infrastructural investment created in line with G20 principles.¹² These activities are led by the United States International Development

¹¹ The Japanese organization is JBIC (Japan Bank for International Cooperation); the Australian organization is EFIC (Export Finance and Insurance Corporation). The three BDN development finance institutions had previously signed an MoU to execute the partnership for infrastructure investment in the Indo-Pacific region agreed upon by Australia, the US, and Japan in 2018. This partnership is believed to be the basis of BDN, but the actual particulars are unknown.

¹² There are six principles: (1) sustainable growth, (2) economic efficiency, (3) environmental considerations, (4) resilience against natural disasters and other risks, (5) social considerations, and (6) governance.

Finance Corporation (DFC).¹³ Facing the problem of loan processes that have poor transparency and high interest rates, a large number of infrastructure development projects for China's Belt and Road Initiative have reportedly fallen into "debt traps." BDN is a US-led initiative that has been created in response, and could in practice be viewed as a scheme to counter the Belt and Road Initiative. It is also supposed to provide assessment, certification, and other services for infrastructure projects in the Indo-Pacific region, but no specific plans have been set for these areas.¹⁴

Figure 3 Concept of Blue Dot Network



Source: twitter.com/DFCgov/status/1191365845131370496?s=20.

While BDN has elements of China containment, it is a multinational framework that welcomes participation by a wide range of members in addition to Japan, the US and Australia. It is also an organization that encourages public-private sector collaboration and aligns with the high-quality infrastructure exporting that has been promoted by Japan. BDN is an organization proposed by the Trump administration; it may not be continued if a Biden administration takes office. Nonetheless, there is a solid chance of a similar framework being created since BDN enables the FOIP concept to materialize, and its focus on infrastructure aligns with the aims of Japan, India, and several other countries.

2-2. Attitude polarization toward China accelerated by coronavirus pandemic

Fearing the risk of excessive reliance on China since before the coronavirus pandemic, multinational corporations have been proceeding with measures such as diversification of suppliers. The move towards decoupling from China is being accelerated among many countries, as the intensifying US-China friction and the rise of the pandemic have actualized supply chain risks. Countries are becoming increasingly polarized in their attitudes toward China as they divide into those continuing to maintain friendly relations, and those reviewing their relations toward decoupling. One impetus for the polarization was the hard-line response to Hong Kong that China began when it enacted the Hong Kong National Security Law. Even countries that previously emphasized their economic relations with China have begun distancing themselves as a result. The UK has decided to remove all existing Huawei 5G equipment from its networks by 2027. A growing number of countries might impose measures as stringent as the UK's.

Realistically, however, there never be many countries taking a hard line against China. At a June meeting of the UN Human Rights Council, 53 countries endorsed a joint declaration proposed by the government of Cuba in support of the Hong Kong National Security Law (Figure 4). In contrast, only 27 countries (mainly Western countries and Japan) agreed with a UK declaration expressing concern with China for enacting the law. Many emerging nations owe massive debts to China as a result of China's infrastructure diplomacy. For example, Djibouti where China built a military base as previously mentioned, owes about 57% of its foreign debt to China (Figure 5). Many countries in the IOR also have strong economic ties to China, and the number able to embark on decoupling from China is likely small.

¹³ The United States International Development Finance Corporation (DFC). A development finance organization created in January 2019 by consolidating its forerunner organization, the Overseas Private Investment Corporation (OPIC). Unlike OPIC, DFC can execute investments as well as loans.

¹⁴ The US Department of the Treasury website only provides an overview. A first administrative committee meeting attended by the Japanese, US and Australian authorities was held in January 2020. Areas such as BDN's vision and membership were discussed, but specifics such as assessment criteria have not been decided.

Figure 4 Country Breakdown of Attitudes Toward China for Enacting Hong Kong National Security Law
● 53 countries endorsing joint declaration in support of the law

East Asia	Middle East	Oceania	Africa		Latin America
China	Bahrain	Papua New Guinea	Burundi	Gambia	Antigua and Barbuda
North Korea	Iran	CIS	Cameroon	Guinea	Cuba
Southeast Asia	Iraq	Belarus	CAR	Guinea-Bissau	Dominica
Cambodia	Kuwait	Tajikistan	Comoros	Niger	Nicaragua
Laos	Lebanon		Congo	Sierra Leone	Suriname
Myanmar	Oman		Djibouti	South Sudan	Venezuela
Southwest Asia	Palestine		Egypt	Sudan	
Nepal	Saudi Arabia		Equatorial Guinea	Togo	
Pakistan	Syria		Eritrea	Zambia	
Sri Lanka	UAE		Gabon	Zimbabwe	
	Yemen		Lesotho	Mauritania	
			Morocco	Mozambique	
			Somalia		

● 27 countries expressing concern with China for enacting the law

East Asia	Europe				North America
Japan	Austria	France	Liechtenstein	Slovakia	Canada
Oceania	Belgium	Iceland	Lithuania	Slovenia	Latin America
Australia	Denmark	Ireland	Luxembourg	Sweden	Belize
New Zealand	Estonia	Germany	Netherlands	Switzerland	
Marshall Islands	Finland	Latvia	Norway	UK	
Palau					

Note: Countries in boldface have diplomatic ties to Taiwan; countries in pink cells are Indian Ocean coastal states.

Source: Created by MGSSI based on "Which Countries Support the New Hong Kong National Security Law?" *The Diplomat*, July 6, 2020.

To prevent risks such as debt crises in developing nations amid the coronavirus pandemic, the G20 nations responded by agreeing to a moratorium on debt repayments. This discussion could extend to debt forgiveness in the future. Such discussions of foreign debt rescheduling or forgiveness have previously been settled by a group of the major creditor nations called "Paris Club," but China, the creditor in question, is not a member of this group. Pursuant to the G20 agreement, China has only released a breakdown of its foreign debt data by country. Even if debt forgiveness is discussed, its effectiveness will be limited without China's collaboration. There is also a risk that any loans provided by the IMF or World Bank will be used to repay China. Therefore, while China needs to be involved¹⁵, it will not be easy as long as the US-China conflict is ongoing. In fact, China's data release has only made the reality of the countries' attitude polarization toward China evident.

China's active conduct of "mask diplomacy" during the coronavirus pandemic is also fresh in memory. With China's infrastructure diplomacy receiving international criticism as a "debt trap," the country has announced a policy of enhancing intangible assistance through aid grantsaid. China might have thought that assistance with masks and medical equipment would win international support easily and be something accomplishable by the country, which had overcome the coronavirus outbreak quickly. Although some saw mask diplomacy as a failure, it was a policy that won over pro-Chinese countries.¹⁶

¹⁵ As part of its coronavirus handling measures, China reportedly reached agreements with half of the 20 low-income nations that asked it for debt restructuring. The outcomes of the applicable discussions will need scrutiny. "Teishotokukoku yūshi saimu yūyo e: Chūgoku, tai Angola ga shoten" [China to provide debt rescheduling for loans to low-income countries, loans to Angola will be focused], *Nihon Keizai Shimbun*, Morning Edition, September 1, 2020.

¹⁶ Taiwan also donated a total of 10 million masks to Western countries with severe viral spread, and to countries with diplomatic ties. The donations were partly a diplomatic battle between China and Taiwan.

2-3. Indian factors

The state of India's involvement in the IOR is an important key for predicting the situation in the region. The three points below merit attention.

1. Intensifying China-India conflict

The distribution of goods from China stagnated in January and February 2020, when the coronavirus outbreak reached its peak in the country. Meanwhile, procurement risks were actualized in India's manufacturing industry and other sectors dependent on China for raw materials, and India faced the risks of its dependence on China. Amid such situation, India accelerated the review of its relations with China, triggered by a military engagement that took place in June at the China-India border. Despite recently strengthening its economic ties to China, India has decided to regulate Chinese investment, revoke construction contracts of Chinese companies, and ban Chinese apps such as TikTok.

These decisions are not merely attributable to the long history of border conflicts between the two countries. China has been expanding its influence in the IOR, a region that India views as its backyard. Since India is the leading country in South Asia, the recent military engagement should be viewed as an opportunity that India grabbed to strike swiftly back at China in response.

The intensifying China-India conflict also significantly affects the two factors described in the previous sections. As India distances itself from China further, China has the greater incentive to try strengthening its ties to the US and other FOIP nations. The relations that India's neighbors in South Asia have with China could also be affected. Since India has focused on preventing its neighbors from becoming pro-Chinese nations, it remains to check how India's allies in South Asia will distance themselves from China now that India has stepped up its efforts to decouple from China. For example, the Rajapaksa brothers led Sri Lanka's ruling party to a landslide victory in the country's general election in August 2020. Older brother Mahinda Rajapaksa (now prime minister) was president at that time, and policy was in favor of China. The current administration led by younger brother Gotabaya Rajapaksa (the current president) is expected to continue this trend, creating the possibility of a conspicuous rift with India's stance. The policies of South Asian countries could make India feel more isolated, affecting the geopolitics of the entire IOR.

2. Participation in BDN

As the region's largest country, India has promoted regional collaboration through frameworks such as the South Asian Association for Regional Cooperation (SAARC). However, India has been looking for a new framework for opposing China, against a background of its intensifying conflict with China and shift to decoupling from it, in addition to its opponent Pakistan's moving closer to the country. India may value the FOIP as this framework as it considers strengthening ties to the US.

In this regard, as previously mentioned, India is interested in more than just security. It is also very keen on infrastructure development in opposition to the Belt and Road Initiative. Thus, India generally agrees with having an infrastructure development-based framework like BDN (described above) as the core of the FOIP, and there may be a high likelihood it will take part itself when BDN is officially launched.

India's participation in BDN, along with BDN certification of various capital-intensive infrastructure projects planned by India, will encourage domestic and foreign investment. The creation of a mechanism that virtually eliminates China and enables more transparent infrastructure development as well as capital inflows into India would likely be welcome news to private companies in Japan and other countries.

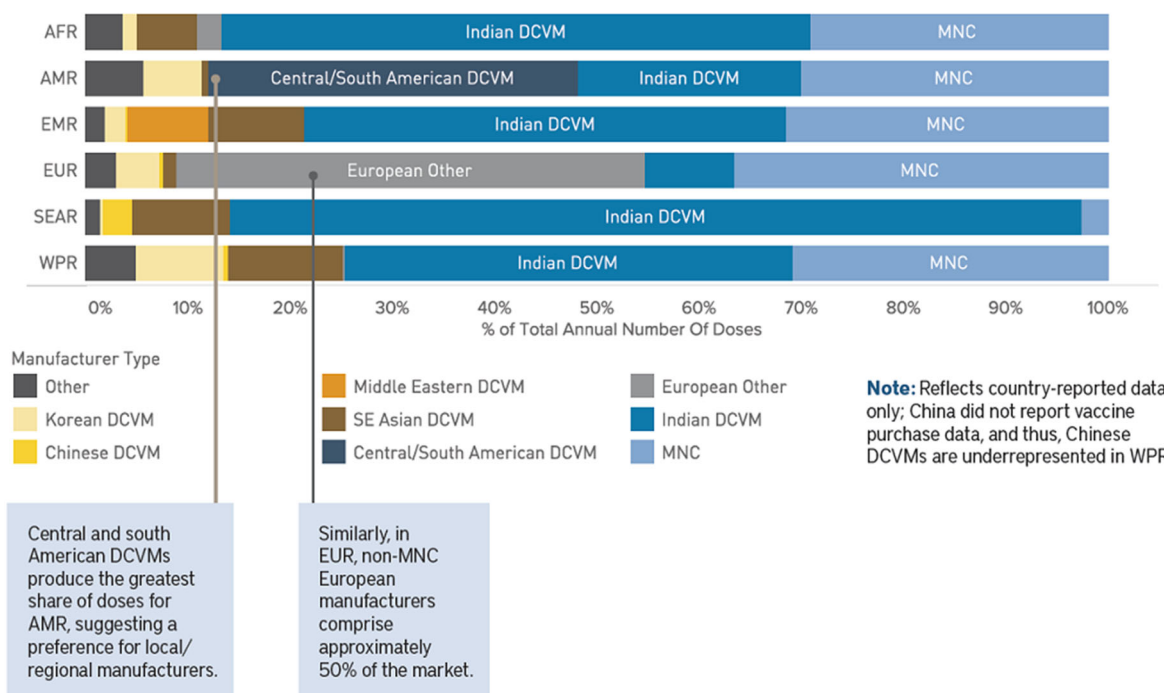
3. Vaccine mass-production

Vaccines for the novel coronavirus are being developed worldwide. The first country to develop an effective vaccine is expected to gain political power, but production will be just as important as development. If China is the first country in the world to successfully develop and mass-produce a vaccine, its "vaccine diplomacy" will increasingly win over emerging nations in Africa and other areas. China has multiple vaccines in the final stage of clinical trials, which are being done both domestically and in overseas countries such as Indonesia and Saudi

Arabia.¹⁷ The clinical trials being done in emerging nations are assumed to be part of China’s vaccine diplomacy.

India is a major producer of generic drugs, with a current manufacturing volume reportedly accounting for around 60 to 70% of the vaccines used worldwide, primarily in emerging nations (Figure 6). Combining India’s production capacity and the development in countries such as the US or UK as a base might be key for the spread of a vaccine decoupled from China. The Serum Institute of India has been chosen to produce one billion of the two billion doses planned for a vaccine being developed by the University of Oxford and AstraZeneca.¹⁸

Figure 6 Shares of vaccine suppliers (manufacturing countries) to world regions



Key to abbreviations: MNC = Multinational corporation; DCVM = Developing country vaccine manufacturer; India DCVM = Indian vaccine manufacturer

Source: WHO, ‘Global Vaccine Market Report’, October 2018.

India has also exhibited its policy of promoting domestic production for its healthcare industry. This is because China’s coronavirus crisis in January and February posed the risk of stagnating drug production to India, which had relied on imports from China for the pharmaceutical ingredients and intermediates needed for production. The intensifying China-India conflict also accelerates the move to domestic production. India could hold an important key in China-decoupled vaccine production, although it is dependent on its domestic production and supply system. This perspective could be valuable in influencing the geopolitics of both the IOR and the entire international community in which a tug of war is playing out between the US and China.

3. WILL “ASIA-PACIFIC” BE REDEFINED AS “INDO-PACIFIC”?

Asia has been bracketed into the “Asia-Pacific” region when its link to the Pacific Rim is discussed in relation to the US. However, it can be said that Asia is now being redefined as part of the larger Indo-Pacific region as the FOIP grows in importance and China emerges and expands its influence into the IOR. The term “Indo-Pacific” is a very politically charged label.

¹⁷ “Chūgoku wakuchin kuni shudō de taitō” [China vaccines on the rise, led by government], *Nihon Keizai Shimbun*, Morning Edition, August 16, 2020.

¹⁸ “In Serum ga corona wakuchin sannyū, tei cost de ryōsan, nennai 4 oku kaibun, shinkōkoku chōtatsu sasaeru” [India’s Serum enters coronavirus vaccine sector, to provide low-cost mass-production, make 400 million doses within year and assist emerging nation procurement], *Nihon Keizai Shimbun*, Morning Edition, July 1, 2020.

The Raisina Dialogue is an international conference held annually in India. At the January 2020 event attended by the author, Russian Foreign Minister Sergey Lavrov called the FOIP a “divisive concept.” “Why do you need to call Asian Pacific as Indo-Pacific? The answer is evident... to exclude China,” he stated.¹⁹ The FOIP does indeed incorporate an element of China containment that extends all the way from the Asia-Pacific to the IOR. “Indo-Pacific” could also be viewed as a label that clearly expresses how the US is planning an international order that excludes China.²⁰ The FOIP has changed significantly from the concept first put forward by Shinzo Abe.²¹

The coronavirus pandemic that began in China did more than just shut down the world economy. It also contributed to the US-China and China-India conflicts, triggering a reorganization of the world order involving many countries. As an economic zone, the IOR is attracting interest as a next growth region. It is taking center stage in the politics and foreign policy of the Indo-Pacific. The IOR will undoubtedly become an important element in the new international order of the post-coronavirus era.

¹⁹ “Raisina Dialogue | Indo-Pacific a divisive concept: Sergey Lavrov,” *The Hindu*, January 16, 2020.

²⁰ Lavrov also asserted that “ASEAN centrality” is becoming incorporated into the greater Indo-Pacific region that extends from the Indian Ocean all the way to the US while excluding China. “ASEAN centrality” is the network of ties among the ASEAN + 1 countries (Japan, China, South Korea, India, Australia, and New Zealand) that form the Asia-Pacific region.

²¹ A report released by the UK think tank Henry Jackson Society mentions Japan, South Korea, Taiwan, Chile, India, Indonesia, and Vietnam as examples of countries in the Indo-Pacific region. It interprets the Indo-Pacific as a concept extending from East Asia to Southeast Asia, Southwest Asia, and South America.