Delhi Policy Group

Advancing India's Rise as a Leading Power

EAST ASIA EXPLORER

MARCH 2026

Authors

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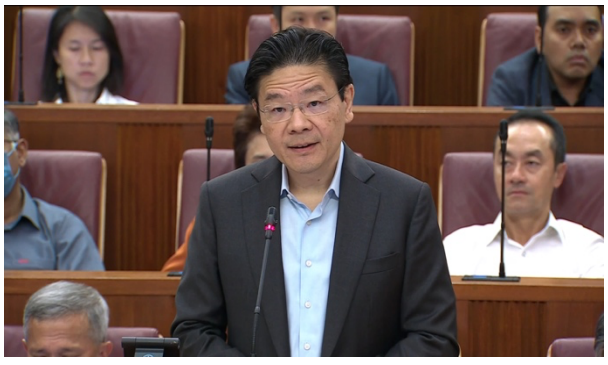

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Delhi Policy Group
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ABOUT US

Founded in 1994, the Delhi Policy Group (DPG) is among India's oldest think tanks with its primary focus on strategic and international issues of critical national interest. DPG is a non-partisan institution and an independently funded non-profit Trust. Over past decades, DPG has established itself in both domestic and international circles and is widely recognised today among the top security think tanks of India and of Asia's major powers.

Since 2016, in keeping with India's increasing global profile, DPG has expanded its focus areas to include India's regional and global role and its policies in the Indo-Pacific. In a realist environment, DPG remains mindful of the need to align India's ambitions with matching strategies and capabilities, from diplomatic initiatives to security policy and military modernisation.

At a time of disruptive change in the global order, DPG aims to deliver research based, relevant, reliable and realist policy perspectives to an actively engaged public, both at home and abroad. DPG is deeply committed to the growth of India's national power and purpose, the security and prosperity of the people of India and India's contributions to the global public good. We remain firmly anchored within these foundational principles which have defined DPG since its inception.

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Cover Images:

1. *Prime Minister of Japan, Sanae Takaichi met with the Prime Minister of Australia, Anthony Albanese for a Japan-Australia Summit Meeting on the sidelines of the ASEAN-related Summits' meetings, in Malaysia, on October 26, 2025. Source: Ministry of Foreign Affairs of Japan*
2. *India's Raksha Mantri, Rajnath Singh and Minister of Defense of Indonesia, Sjafrie Sjamsoeddin co-chaired the third India-Indonesia Defence Ministers' Dialogue in New Delhi on November 27, 2025. Source: PIB*
3*. Singapore's Prime Minister Lawrence Wong affirmed that the nation would maintain its defense spending at approximately 3 per cent of GDP during his 2026 budget speech, on February 12, 2026. Source: X/@LawerenceWongST*

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Facing Structural Challenges, Australia and Japan Forge Closer Defence Ties

by

Pradeep Taneja

Introduction

When Prime Minister Sanae Takaichi of Japan visits Australia in late April or early May, the discussions with her Australian counterpart, Anthony Albanese, will likely cover critical minerals supply chain cooperation between the two countries as well as the energy crisis created by the war on Iran. They are also likely to discuss how Japan and Australia can cooperate with countries like India to keep the Strait of Hormuz open once the war is over.

Australia and Japan are in fierce agreement on many things when it comes to regional security. They agree on the need to maintain a Free and Open Indo-Pacific and consider each other as their most critical security partner after the United States. While the United States remains their primary security partner, both the countries are increasingly worried about two structural challenges.

First, President Donald Trump's mercurial foreign policy decision-making and America First doctrine have left the nearly eight decades old international order and security architecture in a perilous state. Like the rest of the world, Japan and Australia are reeling from the immediate consequences of the United States' and Israel's war against Iran, which has sent energy prices soaring, made financial markets jittery and left allies wondering about the value of their alliances with the US. The long-term consequences of the Iran war are even more troubling as President Trump has sent strong signals that US allies must prepare to fend for themselves.

Against this background, the second worry for Australia and Japan is China's growing economic power and military capabilities, which are slowly but surely leading to a shift in the structural balance of power in the Indo-Pacific region. With their principal security partner, the United States, unable to articulate a coherent vision for regional security, notwithstanding the release of the 2025 National Security Strategy and the 2026 National Defense Strategy, the Australian and Japanese politicians have been forging closer bilateral security relations.

Building on the 2007 Joint Declaration on Security Cooperation, Australia and Japan upgraded their relationship to a Special Strategic Partnership in 2014 and

have since developed wide-ranging defence and security ties. In the joint statement issued at the end of the 12th Japan–Australia Foreign and Defence Ministerial Consultations in September 2025, the two governments emphasised the importance of maintaining peace and stability across the Taiwan Strait as "an essential element of regional and international security and prosperity". More significantly, they expressed "serious concern" at the escalation in "provocative activities by China" in Japan's air and maritime spaces.

The 2025 joint statement also mentioned the importance of trilateral security cooperation with the United States. Despite the unpredictable nature of policy making in the Trump White House, the two governments are trying, both individually and collectively, to shape the United States' policy towards the Indo-Pacific in a manner that protects their interests and contributes to long-term peace and stability in the region.

In the meantime, Australia and Japan – the two middle powers – have been moving ahead with deepening their bilateral security and defence relations. The Japan–Australia Reciprocal Access Agreement (RAA), signed in 2022, has already expedited mutual deployment processes and enhanced operational cooperation. More than forty activities have taken place since the RAA was signed, including the largest ever participation by Japan's Self-Defence Forces in the Exercise Talisman Sabre 2025, with over 1,500 Japanese personnel participating. The two countries also issued a Joint Declaration on Security Cooperation in 2022.

Putting aside the past bitterness over Australia's decision not to proceed with the purchase of Japanese Soryu class submarines in 2016, Japan and Australia have also renewed defence sales.

In August 2025, Australian government announced that it had awarded a contract to Japan's Mitsubishi Heavy Industries to supply new general-purpose frigates for the Royal Australian Navy. Australia picked an upgraded version of MHI's Mogami-class frigate over Germany's Thyssenkrupp Marine Systems' design. Under the deal, three of these ships will be supplied from Japan and the remaining eight will be built at Western Australia's Henderson shipyard. This is the first time that Japan will be exporting warships, underlying the significance of growing defence ties between Australia and Japan.

While the two countries share many common concerns about China's increasing assertiveness and provocative actions in the region, there are still differences in the two countries' perceptions of the China threat. Australia, which has no territorial or other unresolvable disputes with China, views China as a structural challenge

that needs to be managed both bilaterally and together with its allies and partners. Australia does not want to jeopardise its lucrative economic relationship with its largest trading partner and takes a cautious approach in dealing with tricky security issues or cases of foreign interference emanating from China.

Japan, on the other hand, has an ongoing territorial dispute with China over Senkaku islands, which China refers to as Diaoyu. Chinese ships and aircrafts have also been engaged in frequent instigative behaviour around the Senkaku islands. China and Japan also carry a lot of historical baggage over memory, textbooks and China's strategic challenges to Japan's administration of Ryukyu Islands.

Regardless of these differences in perception about China, there is enough common ground between Australia and Japan to develop closer economic, diplomatic and security relations. There are also sufficient incentives for the two countries to work collectively to shape the United States' policy towards the Indo-Pacific with a view to ensuring its continued presence in and focus on this region. At the same time, they also have a common interest in deterring China from attempting to change the status quo by force in all the flashpoints in the region, including the South China Sea, East China Sea and the Taiwan Strait.

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Viksit Bharat 2047 and Indonesia Emas 2045: The Blue Economy makes all the difference

by

Satish Chandra Mishra

Introduction

Two of Asia's largest developing economies have organised their long-range development ambitions around the same historic occasion: the centenary of national independence. India's Viksit Bharat vision targets developed-country status by 2047, one hundred years after independence from British rule on August 15, 1947. Indonesia's Indonesia Emas 2045 — Golden Indonesia — aims for the same national goal by 2045, the centenary of the proclamation of independence on August 17, 1945. Both visions involve exceptional transformations: eightfold increases in per capita income, structural shifts from commodity and agricultural economies to industrial and technology-led ones, and the escape from the middle-income trap that has constrained both nations for decades.

This paper compares the two visions. It examines their macroeconomic targets, strategic frameworks, and the sectors through which a developed-country status can credibly be achieved. It then turns to the blue economy — ocean-based economic activity encompassing fisheries, maritime trade, offshore energy, marine biotechnology, coastal tourism, and shipbuilding. It examines its importance to each nation's centenary targets. It notes that for both India and Indonesia, the blue economy is not a peripheral sector but a critical precondition. Each country's geography, demographic pressures, and energy transition ambitions make maritime development indispensable to sustaining the growth rates they seek.

Viksit Bharat 2047: Targets And Strategy[1]

The macroeconomic target: India's economy stood at approximately USD 3.5–4 trillion in 2024–25, with a per capita income of roughly USD 2,500–2,700. NITI Aayog's approach paper for Viksit Bharat targets a GDP of USD 30 trillion and per capita income of USD 18,000 by 2047. This requires sustained nominal GDP growth of approximately eight to nine percent annually over the next two decades — a difficult but not historically implausible trajectory given India's recent growth performance.

[1] "Bold Vision Ahead: Empowering India through Holistic Development for a Brighter, Inclusive Future by 2047". Viksit India. https://viksitindia.com/vision

Strategic architecture: Viksit Bharat rests on five strategic pillars. The first is infrastructure-led growth, operationalised through the PM Gati Shakti National Master Plan, the National Monetisation Pipeline, in addition to expanded capital expenditure allocations already set in motion following the Union Budget since 2020. The second is manufacturing deepening, pursued through the Production Linked Incentive (PLI) schemes across fourteen sectors supported by the broader Aatmanirbhar Bharat (Self-Reliant India) agenda. The third is digital and technological leadership, anchored in India's Digital Public Infrastructure, the National Quantum Mission, and an ambition to provide as much as ten percent share of global services trade by 2047. The fourth is energy transition. This aims to generate five hundred gigawatts of non-fossil fuel capacity by 2030 and attain net-zero emissions by 2070. The fifth — increasingly prominent in recent policy thinking — is maritime and blue economy development, examined below.

Critical challenges: The challenges in achieving the ambitions of Viksit Bharat are not underestimated. Indeed, they are openly acknowledged in official documents. Sustaining eight percent growth for two decades requires India to resolve long standing structural constraints: logistics costs that remain among the highest major economies of the Global South. India's agriculture sector still employs nearly half the workforce at very low productivity. R&D investment stands at around one percent of GDP. Regional disparities mean that several large states rank far below national income averages. Demographic advantage — with approximately two hundred million young people expected to enter the workforce over the coming two decades —constitutes both an asset and a liability, critically dependent on the economy's capacity to generate the necessary high-quality and decent employment.[2]

Indonesia Emas 2045: Targets and Strategy

The macroeconomic target: Indonesia's economy stood at approximately USD 1.4 trillion in 2024, with a per capita income of roughly USD 5,100 — already at upper-middle-income status following the World Bank's 2019 reclassification. The RPJPN 2025–2045 (National Long-Term Development Plan), the legislative vehicle for Indonesia Emas, targets GDP of USD 7 trillion (placing Indonesia fifth in the world) and a GNI per capita of USD 30,300 by 2045. This requires average annual growth of approximately 7% or above, significantly above the current 5-6%. The Indonesia Emas plan is however phased. Growth projections accelerate from 5.9 percent in

[2] Bain & Company. (2024). India @2047: Transforming India into a Tech-Driven Economy. Available at: https://www.bain.com/insights/india-2047-transforming-india-into-a-tech-driven-economy/

2025–2029, through 7.0 percent in 2030–2034 and 8.0 percent in 2035–2039. They finally settle at 7.1 percent in the 2040–2045 phase, historically achieved during the New Order Period.[3]

Strategic architecture: Indonesia Emas is organised around four pillars: resilience (food security, domestic pharmaceutical and defence capability), prosperity (high-income attainment by 2038, ahead of the centenary), inclusivity (women's labour force participation above sixty percent, a Gini coefficient below 0.3), and sustainability (climate adaptation and circular economy integration). The productive strategy emphasises structural economic transformation: raising the industrial sector's contribution to GDP from approximately eighteen to twenty-eight percent, building an innovation-driven economy and reaching sixty-one Unicorn Startups by 2045. It aims to develop a digital infrastructure capable of contributing 20% of GDP. A critical strategic priority is to overcome the Middle-Income Trap by raising productivity across the board; very distinct from reliance on factor accumulation — natural resources and cheap labour — as the engines of historical growth.[4]

Critical challenges: As in the case of India, Indonesia's path to its centenary vision faces its own set of deep seated structural constraints. As with India, Indonesia's Government revenues and expenditures as a share of GDP are among the lowest of other large developing economies, hampering public investment levels required to drive an economy wide transformation. Its 'Big bang Decentralisation' inevitably amplifies coordination problems across 514 local governments that another round of national transformation requires. The demographic dividend, projected to peak between 2030 and 2040, needs large-scale improvements in educational quality and vocational training that current systems are only beginning to deliver. Climate vulnerability remains acute. As the world's largest archipelago, Indonesia faces sea-level rise, severe typhoons, coral reef degradation. The outcome is accelerated depletion of the hydrocarbon revenues that have historically financed development, adding to Indonesia's already pronounced revenue constraints.[5]

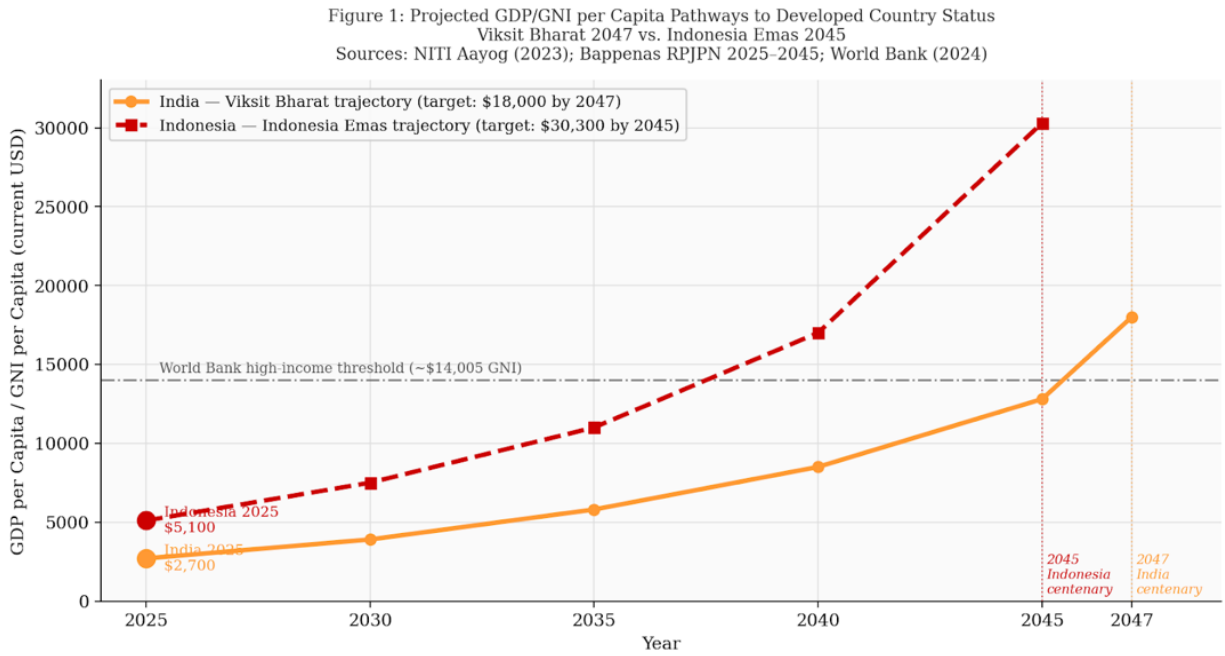
[3] Bappenas (Ministry of National Development Planning, Indonesia). (2024). RPJPN 2025–2045: Rencana Pembangunan Jangka Panjang Nasional. Jakarta: Bappenas. Available at: https://bappenas.go.id
[4] Bappenas. (2024). Indonesia Blue Economy Roadmap, 2nd Edition. Jakarta: Ministry of National Development Planning. Available at: https://perpustakaan.bappenas.go.id
[5] Sambodo, M. T. et al. (2024). Sustainable Ocean Development Policies in Indonesia: Paving the Pathways towards a Maritime Destiny. Frontiers in Marine Science, 11, Article 1401332. https://doi.org/10.3389/fmars.2024.1401332

Table 1 below provides a summary of the main growth targets of Viksit Bharat and Indonesia Emas and its major driving sectors for ease of reference.

Table 1: Comparative Overview of Centenary Development Visions

Indicator	Viksit Bharat 2047	Indonesia Emas 2045
Current GDP	~USD 3.5–4 trillion (2024)	~USD 1.4 trillion (2024)
Current per capita	~USD 2,500–2,700	~USD 5,100
Target GDP	USD 30–40 trillion (2047)	USD 7 trillion (2045)
Target per capita	USD 18,000+ (NITI Aayog)	USD 30,300 GNI (Bappenas)
Required growth rate	8–10% per annum	7%+ per annum (phased)
Centenary year	2047	2045
Key driver sectors	Manufacturing, digital, maritime	Industrialisation, digital, blue economy
Current blue economy %	~4% of GDP	~7.9% of GDP
Blue economy target	Double digits by 2047	15% of GDP by 2045

Projected GDP/GNI per Capita Pathways to Developed Country Status Sources: NITI Aayog (2023)[6]; Bappenas RPJPN 2025–2045; World Bank (2024)



[6] NITI Aayog. (2023). Viksit Bharat @ 2047: Vision for a Developed India. Government of India. Available at: https://www.niti.gov.in

The Blue Economy as a Strategic Lever

India: Maritime Amrit Kaal Vision 2047

India's blue economy currently contributes approximately 4% of GDP — a figure that markdly understates the sector's strategic importance given that 95% of India's merchandise trade by volume and 65% to 70% by value moves through its ports. The country possesses a 7,500-kilometre coastline, a resource-rich Exclusive Economic Zone of 2.37 million square kilometres, and 14,500 kilometres of inland waterways that remain largely untapped for commercial transport.[7]

The government's ambition for the sector is developed through three, layered, initiatives. The Sagarmala Programme, launched in 2015, identified 839 port-led development projects worth approximately INR 5.8 lakh crore, of which 272 had been completed by April 2025. The Maritime India Vision 2030, launched in 2021, lays out a ten-year roadmap across 150 initiatives in shipping, ports, and inland waterways, targeting investments of INR 3–3.5 lakh crore. The Maritime Amrit Kaal Vision (MAKV) 2047, launched in 2023 and aligned directly with Viksit Bharat, is the most ambitious. It identifies over three hundred action points across eleven themes, targets INR 80 lakh crore in investment (approximately USD 960 billion), and aims to create 1.5 crore (fifteen million) jobs over the next two decades. The vision targets carbon neutrality at all twelve major ports by 2047. In addition, it positions India as a global ship-repair hub and green hydrogen maritime corridor.[8]

The aspiration is to raise the blue economy's contribution from 4% to double digits by 2047 — a target that would require the maritime sector to grow faster than the already-ambitious national average. Areas of high growth potential include offshore wind energy (India has identified significant offshore potential along its western coastline), deep-sea mining under the Deep Ocean Mission, marine biotechnology, and cruise tourism. India's fisheries sector, which employs around twenty-eight million people, is the world's third-largest fish producer. It is among the top exporters of frozen shrimp — an existing comparative advantage that sustainable aquaculture investment could substantially extend.[9]

[7] Observer Research Foundation (ORF). (2025). Maritime Sector Development: A Gateway to Viksit Bharat. New Delhi: ORF. Available at: https://www.orfonline.org/research/maritime-sector-development-a-gateway-to-viksit-bharat

[8] Ministry of Ports, Shipping and Waterways, Government of India. (2023). Maritime Amrit Kaal Vision 2047. New Delhi: Government of India.

[9] Ibid

Indonesia: Blue Economy Roadmap 2023–2045

Indonesia's blue economy starting position is stronger in proportional terms than India's: the maritime sector currently contributes approximately 7.9 percent of GDP, and the country is the world's second-largest seafood producer behind China, with fisheries employing approximately seven million people directly and contributing USD 27 billion annually. Indonesia is the first ASEAN country to adopt a comprehensive 'Blue Economy Roadmap', revised by Bappenas in December 2023. It has also pioneered the Indonesia Blue Economy Index (IBEI) as a monitoring instrument across all provinces.[10]

The targets are naturally ambitious. Indonesia aims to double the maritime sector's contribution to GDP from 7.9 percent to 15% by 2045, raise maritime employment to 12% percent of total employment, and expand Marine Protected Areas to 30% of its waters (97.5 million hectares). The potential unlocked by this transition is nothing less than striking. The Ministry of Marine Affairs and Fisheries estimates the total potential value of the marine economy at USD 1,334 billion annually — equivalent to approximately 1.8 times current national GDP — of which only about 30% is currently being utilised. Sectors earmarked for expansion include sustainable aquaculture, offshore renewable energy, marine biotechnology, coastal and maritime tourism, shipbuilding (with an aspiration to be the world's largest producer by 2045), and maritime transportation and logistics.[11]

The roadmap is structured across five phases culminating in 2040–2045. Noticeably, it explicitly links blue economy development to the escape from the middle-income trap. The logic is direct: Indonesia's extraordinary maritime geography — 17,504 islands, a 108,000-kilometre coastline, the world's highest marine biodiversity in the Coral Triangle — constitutes a natural endowment that structural economic transformation must leverage rather than extract. Unlocking blue economy productivity at scale requires moving beyond conventional capture fisheries and petroleum products, toward higher-value activities: processed marine products integrated into global value chains, offshore wind and tidal energy, marine pharmaceuticals, and premium ecotourism.[12]

[10] Bappenas. (2024). Indonesia Blue Economy Roadmap, 2nd Edition. Jakarta: Ministry of National Development Planning. Available at: https://perpustakaan.bappenas.go.id
[11] Sambodo, M. T. et al. (2024). Sustainable Ocean Development Policies in Indonesia: Paving the Pathways towards a Maritime Destiny. Frontiers in Marine Science, 11, Article 1401332. https://doi.org/10.3389/fmars.2024.1401332
[12] PKSPL-IPB. (2022). Blue Economy Development Framework for Indonesia's Economic Transformation. Bogor: Institut Pertanian Bogor / Bappenas. Available at: https://perpustakaan.bappenas.go.id

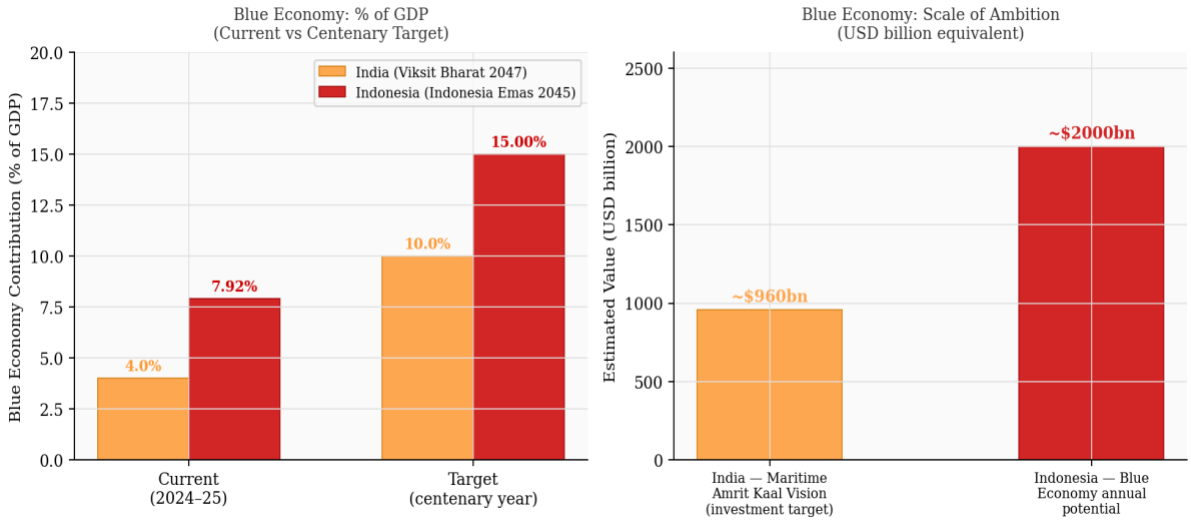


Figure 2: Blue Economy Ambitions — Viksit Bharat 2047 vs. Indonesia Emas 2045 Sources: SAMDES India (2025); Bappenas Blue Economy Roadmap 2nd Edition (2024); PKSPL-IPB (2022)

Comparative Assessment: Similarities, Contrasts, And Blue Economy Importance

Structural Similarities

It is important to note that the two visions above share more than their centenary symbolism. Both are explicitly designed to break path dependencies — the reliance on primary commodities, low-value manufacturing, and cheap labour that characterises middle-income equilibrium — in favour of innovation-driven, diversified economic growth. Both emphasise human capital as a binding constraint requiring urgent investment in education quality, technical skills, and gender inclusion in the labour force. Both recognise digital infrastructure as a horizontal enabler across all productive sectors. Further, both recognise that the transition requires not simply higher investment but structural reforms to regulatory environments, fiscal architecture, and institutional coordination that have historically impeded productivity growth.

Both also face the fundamental tension between the growth rates their visions require and the growth rates their recent institutional histories have delivered. India's pre-pandemic decade averaged approximately six to seven percent growth — below the eight to ten percent needed. Indonesia's averaged approximately five percent — well below the seven percent required. Closing these gaps demands qualitative improvements in governance, regulatory efficiency, and investment climate that neither country has yet fully achieved.

Key Contrasts

The differences between the two visions are as instructive as their similarities. India starts from a lower absolute per capita income but is targeting a larger absolute economy, reflecting its much larger population. Indonesia starts from a higher per capita income but has a smaller demographic base and faces the risk of ageing into its demographic transition before escaping middle-income status. India's manufacturing share of GDP remains below the levels achieved by East Asian comparators at similar development stages, creating a new opportunity. Indonesia faces the same challenge but with a more explicit acknowledgement — embedded in the RPJPN's phased targets — that manufacturing must reach 30% of GDP to sustain high growth. India's federal complexity and its implications for regulatory coherence mirrors Indonesia's decentralisation challenge, though through different constitutional challenges.

On the blue economy specifically, the contrasts are geographical and institutional. India approaches maritime development primarily through a port-and-logistics lens, leveraging its position astride critical Indian Ocean trade routes and its ambition for global shipbuilding and repair capacity. Indonesia approaches it primarily through a resource-and-sovereignty lens: the archipelago's maritime geography is both its defining national characteristic (the Djuanda Declaration of 1957 established the archipelagic principle that made Indonesia's internal waters sovereign) and its greatest untapped economic asset. India's challenge is to raise a currently modest blue economy contribution to strategic scale; Indonesia's is to convert an existing but conventionally structured maritime economy into a high-value, sustainable one.

The Indispensability of Blue Economy Development

For both nations, the blue economy is not an optional add-on to their centenary visions but a structural necessity. Three inter-linked arguments lead to this conclusion.

First, the arithmetic of growth requires it. Both India and Indonesia need to sustain growth rates above their historical averages. Neither can achieve this by deepening existing sectors alone: manufacturing and digital services, however important, cannot absorb the employment or generate the investment at the scale required without complementary momentum from maritime and ocean-based sectors. India's goal of raising the blue economy from 4 to over 10 percent of a USD 30 trillion economy implies maritime value-added of USD 3 trillion or more — a sector

larger than the current total Indian economy. Indonesia's goal of raising maritime GDP from 7.9 to fifteen percent of a USD 7 trillion economy implies maritime value-added of over USD 1 trillion annually, compared to a current ocean economy of approximately USD 100 billion.

Second, the energy and ecological transition requires it. Both countries have made substantial commitments to decarbonisation — India targeting net-zero by 2070, Indonesia is also committed to it under its Enhanced NDC. Both have identified offshore renewable energy — wind, tidal, and eventually wave — as central to this transition. The maritime sector is simultaneously the channel through which green hydrogen and ammonia will be traded globally and the environment within which the ecological sustainability of development must be demonstrated. Blue economy governance and green energy transition are structurally intertwined in both visions.

Third, the geopolitical imperative also supports this. Both India and Indonesia occupy positions of extraordinary strategic significance in the Indo-Pacific maritime domain. India's SAGAR vision (Security and Growth for All in the Region) frames the Indian Ocean as a zone of cooperative prosperity under Indian stewardship. Indonesia's concept of the Global Maritime Fulcrum, articulated by President Jokowi, frames the archipelago as the axis of Indo-Pacific connectivity. Both aspirations require not merely diplomatic posture but tangible maritime capability: ports, fleets, fisheries management capacity, digital shipping infrastructure, and human capital in marine sciences and engineering. The blue economy is, in this sense, the economic foundation of Indo-Pacific strategic influence.

Conclusion

Viksit Bharat 2047 and Indonesia Emas 2045 represent the most ambitious long-range development visions in Asia outside China. Both are organised around the centenary of national independence as a mobilising horizon, both require sustained high growth rates that exceed recent historical experience, and both identify structural economic transformation as the mechanism through which middle-income entrapment can be broken. Their similarities reflect common structural features of large, diverse, resource-endowed developing nations at comparable stages of institutional development; their differences reflect different geographies, demographic profiles, and historical growth paths.

The blue economy is where both visions converge most persuasively towards a single conclusion. For both India as well as Indonesia, ocean-based development is not peripheral but central. For India, raising maritime value-added from four to double-digit percent of a USD 30 trillion economy requires that blue economy growth outpace national growth for two decades — a structural priority that the Maritime Amrit Kaal Vision 2047 has only just begun, to operationalise. For Indonesia, converting a USD 2 trillion annual marine potential into realised economic activity requires institutional transformation — from extractive to sustainable fisheries, from conventional to high-value marine products, from foreign-flagged shipping to domestic fleet capacity — that the Blue Economy Roadmap maps but that governance reform must deliver.

Whether Viksit Bharat or Indonesia Emas ultimately meet their centenary targets will depend on many variables — global economic conditions, domestic political will, institutional reform trajectories — that no strategic plan fully controls. But the analytical conclusion of this comparative paper is clear: in both cases, the oceans are not a backdrop to national ambition. They are its floor.

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Global Arms Transfers in 2025

by

Divya Rai

Established as an independent foundation by Sweden's parliament in 1966, the Stockholm International Peace Research Institute (SIPRI) has become one of the world's most referred-to think tanks, renowned for its research into conflicts, armament, arms control, and disarmament. SIPRI updated its arms transfer database covering the period up to 2025 on March 09, 2026. Its fact sheet on Trends in International Arms Transfers, 2025, reveals a 9.2% surge in major weapons flows between 2016–20 and 2021–25[13]; the steepest increase in global arms flows in recent history. The rise is largely due to the war in Ukraine and the rapid military build-up across Europe following Russia's invasion in 2022, which produced two starkly different outcomes: Russia's arms exports declined sharply, while Ukraine became the world's largest weapons importer. Asia and Oceania saw a 20% drop in imports, largely due to China's halved purchases due to expanded domestic production. These trends signal proactive realignments—strategic, premeditated shifts aimed at shaping the future geopolitical environment—rather than merely reactive, defensive militarisation.

India was the world's second-largest recipient of major arms in 2021–25 with an 8.2% share of total global arms imports. The report also indicates India is increasingly turning to Western suppliers, including France, Israel and the US. Though it has made substantial progress in the domestic arms production, it does not figure in the 25 largest exporters of major arms list.

Global Trends

The US remains the world's largest arms supplier, dominating the international arms market, with its share dramatically increasing from 36% to 42% between 2016–20 and 2021–25. France is the second-largest arms exporter, displacing Russia, which shifts to third place. Germany's share of arms exports rose by 15% compared with 2016–20, while China accounted for 5.6% of total global arms; the two countries remain in fourth and fifth place, respectively, among the world's largest arms exporters.

[13] Stockholm International Peace Research Institute (SIPRI). "Global arms flows jump nearly 10% as European demand soars", March 9, 2026. https://www.sipri.org/media/press-release/2026/global-arms-flows-jump-nearly-10-cent-european-demand-soars.

Apart from Europe and the Americas, arms imports to all other regions decreased.[14] The Russia-Ukraine conflict has triggered a massive military build-up across Europe, causing its arms imports to triple between 2016–20 and 2021–25. This surge led Europe to claim 33% of global arms imports—the highest regional share—followed closely by Asia, Oceania, and Middle East. The top five importers—Ukraine, India, Saudi Arabia, Qatar, and Pakistan—accounted for 35% of worldwide arms imports. Ukraine emerged as the largest single recipient with 9.7% of global imports, a dramatic rise from just 0.1% in 2016–20.

Major Arms Exporters

From the Russia-Ukraine conflict to simmering rivalries in the Indo-Pacific, these converging predicaments have dramatically altered the global geopolitical landscape. SIPRI identified 66 states as suppliers of major arms in 2021–25. The five largest suppliers—the US, France, Russia, Germany and China—accounted for 70% of all arms exports.

Table 1: Global Share of Major Arms Exports by the 10 Largest Exporters[15]

Country	Share (%) 2021-25	Share (%) 2020-24	Share (%) 2016-20	% Change (2016-20 to 2021-25)
US	42.0	43.0	36	+27
France	9.8	9.6	8.8	+21
Russia	6.8	7.8	21	-64
Germany	5.7	5.6	5.4	+15
China	5.6	5.9	5.5	+11
Italy	5.1	4.8	2.2	+157
Israel	4.4	3.1	3.1	+56
UK	3.4	3.6	3.3	+13
South Korea	3.0	2.2	2.6	+24
Spain	2.3	2.4	2.4	+6.7

A closer look at the arms trade data shows Europe, which for the first time in two decades surpassed the Middle East as the primary destination for American weaponry, accounts for 38% of total exports. While the U.S. maintains its global footprint—delivering major arms to 99 countries, with recipients including 35 in

[14] Stockholm International Peace Research Institute (SIPRI). "Trends in International Arms Transfers, 2025-SIPRI Fact Sheet", March 2026. https://www.sipri.org/publications/2026/sipri-fact-sheets/trends-international-arms-transfers-2025

[15] SIPRI Fact Sheet, March 2026

Europe, 18 in the Americas, 17 in Africa, Asia and Oceania, and 12 in the Middle East.

The Middle East remains a major market for U.S. arms exports, with Saudi Arabia as the top individual recipient at 12%, followed by Qatar (7.4%) and Kuwait (4.2%)—all ranking among America's top 10 overall. The U.S. has long treated arms sales as a cornerstone of its foreign policy and a way of strengthening its defence industry. The Trump administration's new America First Arms Transfer Strategy[16] once again makes this clear. That arms transfers remain the cornerstone of American foreign policy is evidenced by substantial pending orders, including for 466 F-35 combat aircraft to 12 European nations that had ordered or preselected them by the end of 2025. The US is positioned to remain the world's pre-eminent major arms supplier well beyond 2025.

France solidified its position as Europe's leading arms supplier and the world's second-largest exporter in 2021–25, surpassing Russia with a 21% increase in total exports compared to 2016–20. France exported arms to 63 countries in 2021–25, with the largest shares going to Asia and Oceania (31%), the Middle East (28%), and Europe (21%). The Rafale combat aircraft has become the linchpin of this growth. As per Dassault's latest report, its order backlog reached 220 jets by December 2025: 175 for export and 45 domestic, signalling that it will remain the major component of France's arms industry.[17] Recent interest from India and Indonesia in fighter acquisitions further strengthens this momentum. These factors, coupled with France's competitive edge in combat aircraft and warships, indicate it will sustain its position among the top global arms exporters.

Once the world's second-largest arms exporter, Russia slipped to third place in 2021–25, with its global share plummeting from 21% in 2016–20 to 6.8% in 2021–25. The sharp fall was due to Western sanctions, the demands of its invasion of Ukraine, and realigning partnerships that eroded its traditional markets. Russia supplied major arms to 30 states, with nearly three-quarters going to just three buyers: India (48%), China (13%), and Belarus (13%). Unlike the US and France, Russia's pending export orders remain limited, signalling a further erosion of its role in the global arms trade ahead.

[16] White House. "Establishing America First Arms Transfer Strategy". February 6, 2026. https://www.whitehouse.gov/presidential-actions/2026/02/establishing-an-america-first-arms-transfer-strategy/

[17] StratPost. "Dassault Delivers 26 Rafale Fighters in 2025", January 7, 2026. https://stratpost.com/dassault-delivers-26-rafale-fighters-in-2025/.

China slipped to fifth place among global arms exporters with a modest 11% volume increase from 2016 to 2020. Although it supplied major arms to 47 countries—including Bangladesh, Serbia, and Thailand—61% went to a single recipient, Pakistan. China's rise as the primary arms supplier to Pakistan and Bangladesh underscores Beijing's deepening strategic foothold in South Asia and raises security concerns for India.

SIPRI data further reveals that the EU role in the global arms market has grown significantly, with exports rising 36% between 2021 and 2025. Four EU nations—France, Germany, Italy and Spain were among the world's top 10 suppliers. Collectively, they accounted for 28% of global arms transfers. Overall, the global arms trade remains heavily concentrated among the P-5 nations. The five permanent members of the UN Security Council—the U.S., Russia, France, China, and the UK—all ranked within the top ten exporters, collectively commanding 67.6% of the market. While the top 25 exporters accounted for 94% of all global sales, India was noticeably absent from this list, highlighting the significant gap that remains between the world's leading suppliers and emerging manufacturers.

Major Arms Recipients

SIPRI identified 162 states as recipients of major arms in 2021–25. The top five—Ukraine, India, Saudi Arabia, Qatar, and Pakistan—accounted for 35% of total global arms imports. For the first time since the 1960s, Europe emerged as the world's leading regional importer (33%), its highest share since the 1960s, followed by Asia and Oceania (31%), Middle East (26%), the Americas (5.6%), and Africa (4.3%). The Russia-Ukraine war sparked a broader European military build-up, with imports by the 29 current NATO member states surging 143% from 2016–20; it was largely supported by the U.S., which supplied 58% of all imports to European NATO members. The next biggest suppliers were South Korea (accounting for 8.6% of European NATO states' arms imports), Israel (7.7%) and France (7.4%). Ukraine became the largest recipient of major arms in Europe (and the world), despite the US reducing its military aid and a decline in the volume of arms transfers to Ukraine in 2025.

Table 2: Top 10 Arms Import Recipients[18]

Rank (2021–25)	Recipient	Share (%) 2016–20	Share (%) 2021–25	% Change (2016-20 to 2021-25)	Major suppliers (Top 3)
1	Ukraine	0.1	9.7	+11896	US, Germany, Poland
2	India	9.3	8.2	-4	Russia, France, Israel
3	Saudi Arabia	11	6.8	-31	US, Spain. France
4	Qatar	3.4	6.4	+106	US, Italy, UK
5	Pakistan	2.8	4.2	+66	China, Türkiye, Netherlands
6	Japan	2.5	3.9	+76	US, UK, Norway
7	Poland	0.4	3.6	+852	ROK, US, Italy
8	US	2.1	2.9	+48	UK, France, Italy
9	Kuwait	0.3	2.8	+805	US, Italy, France
10	Australia	5.0	2.8	-39	US, Spain, Germany

In the Middle East, arms imports fell 13% between 2016–20 and 2021–25, despite the region claiming 26% of global totals. The largest recipients of major arms were Saudi Arabia, Qatar, and Kuwait, together accounting for almost 20% of all arms imports. No surprises that more than half of arms imports to the region came from the USA (54%), while 12% came from Italy, 11% from France and 7.3% from Germany. Divergent national trends also emerged: Saudi Arabia's arms imports fell by 31%, whereas Qatar's grew by 106%. Most notably, Kuwait made a massive leap from the 47th largest recipient to the 9th, propelled by acquisitions including 28 combat aircraft and 218 tanks from US, alongside 23 combat aircraft from Italy.

The factsheet also highlights stark arms disparities fuelling Israel-Iran asymmetry. Israel's imports rose 12% between 2016–20 and 2021–25, securing 14th place globally, with the US providing 68% and Germany 31%, enhancing its layered defences against Iranian proxies and direct assaults. On the other hand, Iran,

[18] SIPRI Fact Sheet, March 2026

severely constrained by sanctions, captured just 0.2% of Middle East imports, relying solely on Russia.

Trends in the Indo-Pacific

The Indo-Pacific has become the epicentre of 21st-century great-power rivalry; consequently, the region's arms import dynamics reveal a complex interplay of diversification, self-reliance, and strategic partnerships. Asia and Oceania accounted for 31% of global arms imports in 2021–25.

Table 3: Indo-Pacific Countries' Arms Import Shares[19]

Country	2016–20 Share (%)	2021–25 Share (%)
China	5.1	1.4
Japan	2.5	3.9
South Korea	5.3	4.0
Taiwan	2.9	2.1
Indonesia	1.8	1.5
Philippines	0.9	1.2
Vietnam	2.6	2.0
Singapore	1.5	1.3
Thailand	1.2	1.1
Malaysia	1.0	0.9
Australia	5.0	2.8
India	9.3	8.2
Pakistan	2.8	4.2
Bangladesh	1.1	1.0
Sri Lanka	0.2	0.1
Kenya	0.3	0.4
Mozambique	0.5	0.7
US	2.1	2.9

[19] SIPRI Fact Sheet

Four countries from the Indo-Pacific region ranked among the world's top 10 recipients, with the US as the leading regional supplier at 35%, followed by Russia (17%) and China (14%). Japan and South Korea depended heavily on US supplies (95% and 93%, respectively). Interestingly, China ranked as the 21st largest global recipient of major arms in 2021–25, despite a remarkable 72% decline in imports from 2016–20 levels. Under President Xi Jinping, Beijing has ramped up domestic production of advanced naval vessels, fighters, and missile systems, accelerating self-reliance and sharply curtailing foreign procurement needs.

In Southeast Asia, Indonesia is the top importer (1.5% global share), followed by the Philippines (1.2%), Singapore (1.1%), and Thailand (0.5%). Pakistan advanced to 5th globally (+66%), with China providing the majority of its arms. These trends underscore the dynamic trends in the region's arms trade landscape, where deterrence, diversification, and technological edge define the balance against coercion.

Future Trends and Implications for India

India has long been one of the world's largest importers. Despite a modest 4% decline from 2016–20, ongoing tensions with nuclear-armed neighbours continue to drive its procurement needs. India's push for defence self-reliance continues to gather momentum; the report indicated that this could be one of the reasons for the decline. Around 60% of India's current military equipment continues to be of Russian origin, yet its import share has steadily decreased from 70% in 2011–15 to 51% in 2016–20 and further to 40% in 2021–25. This vacuum is increasingly filled through deliberate diversification, with France now securing 29% of India's import market, Israel accounting for 15%, and growing contributions from the US.

India's emergence as a defence exporter marks a pivotal shift from import dependency.

However, despite diversification and its growing ability to design and produce its own weapons, critical gaps persist in high-tech domains such as marine gas turbines for warships and aero-engines for fighters, where imports remain indispensable. New Delhi's limited export footprint stands in sharp contrast to China. According to the SIPRI 2022 report, India ranked 23rd during the period 2017-21 with a 0.2% share of global arms exports. In the 2024 and 2025 reports, however, India did not figure among the top 25 largest exporters of major arms.[20]

[20] Eurasian Times. "India Pulled Out of World's Top 25 Largest Arms Exporters." April 9, 2023. https://www.eurasiantimes.com/india-pulled-out-of-worlds-top-25-largest-arm-exporter/.

Conclusion

SIPRI data reveals an intensifying arms race in Asia-Oceania, the Middle East, and Europe, where states prioritise pursuing both quantitative expansion and qualitative superiority. India is well-placed to capitalise on the evolving landscape of new defence and strategic realignments, even though the country's recent and planned orders, including the Rafale fighter jets deal from France and six submarines from Germany, indicate its continued reliance on foreign suppliers. It is transitioning from a passive buyer into a collaborative global partner. This transformation includes co-developing engines, drones, and AI systems via joint ventures, alongside integrating domestic industries into international supply chains. Looking ahead, with recent initiatives like "Make in India", DAP 2026, iDEX and joint ventures, India will bridge critical technological gaps and catalyse defence production.

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