

India-Japan relations

PM Modi - Mutual trust and faith, understanding of each other's interests and concerns, and continuous high level interactions, this is the uniqueness of Indo-Japan relations.

Both nations share core values of democracy, peace, the rule of law, tolerance, and respect for the environment in realising pluralistic and inclusive growth of the region.

Prof. [Harsh Pant](#) writes that the relationship between India and Japan is perhaps the best it has ever been, largely because both countries have Prime Ministers who view the region and the world in very similar terms. Abe, a long-standing admirer of India, has been a strong advocate of strategic ties between New Delhi and Tokyo. He was one of the first Asian leaders to envision a “broader Asia”, linking the Pacific and Indian Oceans to form the Indo-Pacific.

In a [speech delivered in August 2007 by Japanese PM Shinzo Abe to the Indian Parliament](#), he alluded to a book by the Mughal prince [Dara Shikoh](#) in describing the “dynamic coupling” of the Indian and Pacific oceans as the “confluence of the two seas.” Further, [Shinzo Abe](#) has written in his book that it wouldn't be surprising to him if in coming years India-Japan relations will overtake Japan-US and Japan-China relations. He notes that a strong India is good for Japan and vice-versa.

[C Raja Mohan](#) (Sept. 2017): That [Japan was the only nation to extend public support to India during the Doklam confrontation with China](#) is symbolic of the extraordinary transformation of relations between the two Asian powers over the last few years.

Rise of China and uncertainty over America's role in Asia has brought Japan and India closer. Modi and Abe can overcome the bureaucratic inertia that limits the relationship's possibilities.

There are institutionalised bilateral summits every year between the two leaders of the country. This shows the importance that the nations attach to the India-Japan relations.

In [November 2016](#), PM Modi visited Japan and in [September 2017](#) PM Abe visited India. Apart from the bilateral summits, the two nations engage in other plurilateral platforms like:

- Trilaterals with the US and Australia
- Quad - US, Japan, India, Australia
- G4 for the reforms of UN platforms - India, Japan, Germany, Brazil
- G20
- Connectivity initiatives prospects - partnership in South Asia, South-East Asia and Africa. e.g. Both jointly came out with vision document on "[Asia Africa Growth Corridor](#)".

Defence and Security Cooperation - Japan has changed its laws, lift its 50-year ban on arms exports

- Defence Framework Agreements concerning the [Transfer of Defence Equipment and Technology](#) and concerning Security Measures for the Protection of Classified Military Information.
- [Annual Defence Ministerial Dialogue](#), the NSA dialogue, the “2+2” Dialogue, the Defence Policy Dialogue and Service-to-Service staff talks.
- Expansion in scale and complexity of the [MALABAR Exercise](#).
- Defence equipment and technology - [Unmanned Ground Vehicles](#) and [Robotics](#), 12 [US-2 amphibian aircraft](#).

[C Raja Mohan](#) writes that [languishing Defence \(Military\) partnership](#) need to be given a push.

Civil Nuclear agreement:

- Apart from the Russian reactors, India's planned nuclear reactors with France and US also depend on Japanese parts.
- Moreover, GE, Westinghouse, and Areva, the companies planning reactors in India, have important ownership stakes of Japanese companies such as **Hitachi, Toshiba and Mitsubishi**, which were stopped by the Japanese government from doing business with India without a final nuclear deal.
- Signals a wider acceptance of India's status as a **responsible nuclear actor**.
- Japan has civil nuclear treaties with 13 countries, including the US, France and Russia, but this is the first with a nation that is not part of the NPT.
- **Entered into force in July 2017**. Against the backdrop of China's reluctance to support India's candidacy for NSG, the deal assumes great salience.

Trade and Economy & Infrastructure development:

Tremendous **complementarity in economy** for India-Japan ties.

- On the Japanese side are huge pension liabilities, the need to generate higher returns, and large pool of patient capital. This is a perfect complement for long gestation, capital-hungry infrastructure projects of India.

As of now **Japan-India trade is a mere 5% of Japan-China trade**. Today, India-Japan trade languishes at around \$15 billion, a quarter of trade with China while Japan-China trade is around \$300 billion.

- **India is the largest recipient of Japanese foreign aid**. Japanese have also made record investment in private equity and venture capital in India.
- Both Japan and India must aspire for two-way trade of \$100 billion, annual investment by Japan in India of \$25 billion and at least 100 joint manufacturing/research and development centres on a global scale within the next ten years.

The **Comprehensive Economic Partnership Agreement i.e. CEPA (2011)** between India and Japan and is one of the most comprehensive agreements concluded by India.

- Bilateral trade between India and Japan post-CEPA has increased considerably, however, trade deficit of India with respect to Japan has also increased post-CEPA.
- Huge untapped potential for Indian **Pharma industry**, coupled with the decision of Government of Japan towards attaining an 80 % share of generic medicines by 2018.

Infrastructure sector:

- Bullet Train project - ₹ 1.08 lakh crore (\$17 billion) HSR (bullet train) project. Of this 81 % is through soft loan from Japan.
- Delhi Metro rail, Next phase of Mumbai subway - funded by JICA.
- Japan is working on developing **12 Industrial townships called Japan Industrial Townships (JITs)** which will operate like Little Japan with all the infrastructure to support the operations of Japanese companies.
- Delhi Mumbai Industrial Corridor (DMIC).
- Chennai Bangalore Industrial corridor (CBIC), also a dedicated freight project in southern India.
- They are showing interests in **Swachh Bharat Abhiyan**, because they have the largest bathroom (toilet) manufacturing company of the world.
- In **Smart City Mission**: Chennai, Ahmedabad and Varanasi; to turn them into a 'smart city' with help from Kyoto.

India has also invited Japan to invest in infrastructure projects in India's northeastern region, where tensions with China loom large.

Three main challenges which have constrained the Japan-India economic partnership:

- i. India's complex regulations, red tape, ad hoc nature of state-level interventions.
- ii. Japanese companies face considerable logistics challenges and non-availability of uninterrupted power supply constrains their manufacturing plans in India.
- iii. While India can emerge as a large market for Japanese infrastructure system exports (one of the core components of Abenomics), there have been incredible delays in the commencement of the projects. While there is the shining example of the Delhi Metro Rail, the delays with DMIC, CBIC are disappointing.

Shyam Saran (May 2017) - India has failed to take advantage of the growing trend in Japan to diversify its trade and investment links away from China.

One senses disappointment that the special relationship between both PMs have not really translated into an economic and commercial partnership comparable to what developed between Japan and China in the early phase of the latter's modernisation. It is the conviction among Japanese that there could be a quantum leap in such investment if the business climate in India provided them with a level of comfort and predictability.

Connectivity - Prospects for India-Japan cooperation (context behind: Chinese OBOR/BRI)

There is a congruence in India's "Act East Policy" and Japan's "Free and Open Indo-Pacific Strategy" and "Expanded Partnership for Quality Infrastructure (PQI)".

Dr. C. Raja Mohan "Connecting Asia: Prospects for India-Japan Partnership"

Chinese economic expansions in South Asia (which is inevitable, China 2nd largest economy of the world), come with Political and Security challenges. Given this condition, a partnership with Japan provides a fundamentally different approach to the question of connectivity in Asia. So Japan has the potential to become an important player in forging connectivity in this part of the world. DMIC and developing Industrial Township along these routes are ideas of 2005 itself, but has not gained the pace that is required.

Japanese PQI provides an alternative to India's interest of Internal and Trans-Border connectivity, of finding an alternative to Chinese BRI. Partnership in South Asia, South-East Asia and Africa holds immense potential for India-Japan relations.

Asia-Africa Growth Corridor (AAGC)

A vision document on the "Asia Africa Growth Corridor (AAGC)" was released at the AfDB annual meeting (May 2017) in Gandhinagar. This study was jointly produced by three research institutions of India and Japan.

- **Amb. Rajiv Bhatia**: Immediately initiate a few joint pilot projects involving the companies of India, Japan and a few African countries such as Kenya, Ethiopia and Mozambique in identified areas such as health care, agriculture and blue economy.
- Unless results become visible in the short term, questions may arise about the credibility of their joint approach. China's substantial success needs to be matched by sustained India-Japan cooperation in Africa.

Indo-Pacific region

Joint Statement says that there is rising importance of the Indo-Pacific region as the key driver for the prosperity of the world.

- Safeguarding and strengthening a rules-based order in the Indo-Pacific region.
- Strengthen trilateral cooperation frameworks with the US, Australia and other countries.

C Raja Mohan - Indo-Pacific Region (Feb. 2017)

Substantial powers of many sizes, including India, Japan, Indonesia, Australia, South Korea, Vietnam and Singapore need to steer a path that is steady and interest-based, avoiding both complacency and panic. India-Japan need to construct effective partnerships of security, economic and political cooperation to ensure their countries can together shape the regional order and not simply accept the results of US-China competition, collision or collusion.

India-Japan-Australia

- Australia has long been another leader in building a more robust regional security architecture. Popular notions of the scale of its ties with China — its largest trading partner — overlook the concerns with which successive Australian governments have seen Chinese power and the diversification of Australia's regional relationships.
- Delhi, Tokyo and Canberra could build the first of multiple **middle power coalitions** for promoting **regional resilience**: Informal arrangements of nations cooperating with one another on strategic issues, working in self-selecting groups that do not include China or the US.
- Their mutual self-help **could span many priority areas**, to firm up the multi-polar context with which Chinese power will have to come to terms.
 - These include security dialogues, intelligence exchanges, sharing of maritime surveillance data, capacity-building of military or civilian maritime forces in smaller countries in Southeast Asia or the Indian Ocean, technology sharing, agenda-setting in regional forums like the East Asia Summit and coordinated diplomatic initiatives to influence both US and Chinese strategic calculations.

This is not about constructing an Asia without America. Nor can it seek to contain China. This is about **finding ways to limit regional instability amidst the shifting dynamic between America and China.**

Quadrilateral arrangement - "Quad" (US, Japan, India, Australia)

Late in 2012, in an influential article outlining his vision for 'Asia's Democratic Security Diamond', Abe argued that peace, stability and freedom of navigation in the Pacific are inseparable from peace, stability and freedom of navigation in the Indian Ocean, and called for the four powers to work together.

- PM Abe wrote: "*I envisage a strategy whereby Australia, India, Japan, and the US state of Hawaii form a diamond to safeguard the maritime commons stretching from the Indian Ocean region to the western Pacific.*"

C Raja Mohan (Oct. 2017): Japan's plans to draw in UK, France into its alliance with India, Australia and the US will reinforce New Delhi's partnerships in Europe.

For Shinzo Abe, who first discussed the idea of a quad a little over a decade ago, the four-nation forum is, in essence, a coalition of "maritime democracies". Abe argued that the maritime democracies have a stake in securing a rules-based global order, liberal trading system and freedom of navigation.

Takenori Horimoto contends that 'Quad' is apparently indispensable to maintain a two-sided strategy of engagement and hedging vis-à-vis China into the foreseeable future.

Is there a case for India-Japan "alliance"?

C Raja Mohan - The case for Alliance (Sept. 2017): Two factors are threatening to unravel the post-war order in Asia. One is the rapid rise of China and the other is the growing uncertainty over America's future role in Asia.

While they hope for an enduring American role in stabilising Asia, Delhi and Tokyo also need to insure against wild oscillations in US policy. One way of doing that is to move towards a genuine alliance between India and Japan. America may have no objections to such an alliance. It has, in fact, actively encouraged closer cooperation between Delhi and Tokyo.

A potential alliance between India and Japan can neither replace the American might nor contain China. As Beijing's neighbours, Delhi and Tokyo have a big stake in a cooperative relationship with Beijing and at the same time a strong incentive to temper some of China's unilateralism through a regional balance of power system.

While the objective case for an alliance is evident, can Delhi and Tokyo overcome their strategic inertia and take the necessary subjective decisions?

Takenori Horimoto (India-Japan relations in Emerging Asia): Relations have gone beyond the transformational stage and are poised for alliance.

Why No to Alliance and Yes to Special Strategic Partnership: Rajesh Basrur - Sept. 2017

Alliances are passé and only a few continue gingerly from the Cold War era. We live in a world today driven by "strategic partnerships". States find themselves in an interdependent system where the traditional power politics of yesteryear doesn't quite fit.

- After all, every major relationship characterised by strategic tension such as U.S.-China, Japan-China, India-China is simultaneously one of economic gain.
- The U.S. and China are each other's chief trading partners, while China ranks at the top for Japan and India. Besides, India might confront China at Doklam but it also wants Chinese investment.

Strategic partnerships carry certain characteristic features falling short of alliances.

- Unlike alliances, they do not demand commitments to a partner's disputes with other countries. New Delhi does not take a strong position on Japan's territorial disputes with China and Russia. Likewise, Tokyo does not openly side with India in its quarrels with China and Pakistan.

Strategic partnership means,

- First, that both retain the flexibility to continue political engagement and economic cooperation with their common adversary.
- Second, they avoid "entrapment", or being dragged into a partner's disputes and potentially into conflict, which happened in the First World War.
- Third, regular high-level political and military interactions facilitate a collaborative approach to strategic policies over a range of economic and military activities. India and Japan, for instance, are not only moving forward on economic and defence cooperation but are also cooperating on other important issues such as civil nuclear energy and Security Council reform.

Japan-China relations - what's been happening in recent times?

Japan's 4 major concerns with China:

- Economic interdependence and geopolitical compulsions.
- China's strategy of using surrogates (e.g. North Korea, Pak in case of India).
- Resisting UNSC entry.
- Expanding influence in high seas.

K V Kesavan - Is the US retreating from Asia, giving way to China?

Trump's "toned down" stance on the South China Sea issue, his emphasis on "America first" policy and his soft attitude towards China have made many Japanese leaders suspect that the US is retreating from Asia.

Amb. P S Raghavan (April 2018): The unpredictability of U.S. foreign policy is driving even its closest allies to hedge their options.

Japanese PM Abe and Mr. Xi are to exchange visits in the near future — a significant breakthrough in relations between two strategic rivals, who were on the verge of a military confrontation about five years ago. Japan (like India) is concerned about China's assertiveness in its neighbourhood and the geopolitical implications of its BRI. China's positive response reflects its own desire to keep in touch with a U.S. ally, in the face of conflicting U.S. signals on trade and security policies.

Japan and China agree on mechanism to avoid armed skirmishes (May 2018)

- Prof. Shin Kawashima (a China scholar at the University of Tokyo): Motivating factors on the Japanese side: an unpredictable U.S., North Korea and business interests.
- Yet, any China-Japan alignment is a tactical and provisional affair, rather than long-term and strategic, born out of the current moment in a fluid geopolitical landscape. It is more akin to a pause rather than a resolution of conflict.

Other areas of cooperation for India & Japan:

- **Science & Technology:** Artificial Intelligence, Energy, Ocean Sciences and Marine Instrumentation, High Skill Development, Big Data analytics, R&D and Bio Information. These projects include the exchange of students of both countries, training for Indian Scientists, Joint Research Programmes and Scholarships.
- Manufacturing Skill Transfer Promotion Program
- MoU between ISRO and JAXA concerning Cooperation in the field of Outer Space.
- Agriculture and Food Related Industry - food value chain networking and protecting Geographical Indication (GI) of agriculture products.
- Transport and Urban Development
 - Investment in infrastructure projects in railways & transportation; port terminals; toll roads; airport terminals; urban development; logistics etc.
 - Exploring NIIF-Japan Overseas Infrastructure Investment Corporation joint fund.
- Textiles sector: to improve quality of Indian Textiles for conformity assessment for Japanese market, capacity building, Quality Control measures in line with Japanese market and technical standards.
- Field of Cultural Exchange
- Cooperation in the field of **Sports** ahead of the forthcoming Tokyo 2020 Olympics & Paralympics.
 - Exchange of sportspersons, coaches, sports experts, sports administrators etc.

India-Russia Relations

PM Modi invoked a Russian proverb to reaffirm India-Russia friendship in a changing world: “An old friend is better than two new ones.”

Broad outline on current status of Russia in International Politics (by **Shyam Saran**)

Russia retains its position as one of the great powers of the world. It has rich natural resources, a long history of mastery over science and technology and a sense of its own civilisational uniqueness. It has also been nursing a grievous sense of loss and resentment over the loss of its Soviet empire in Eastern Europe and Central Asia.

The erstwhile Soviet republics remain its 'near neighbourhood' and a target of renewed influence, if not control. This brings it into confrontation with the US and Western Europe and may eventually do so with China as well. At the same time there has been its long-standing urge to be accepted as part of the West and accorded respect as a fellow European power. When this is not forthcoming the sense of grievance is only heightened.

In its current state, however, it is unlikely that Russia will emerge as one of the key architects of the emerging world order. Its relative economic and military power has diminished, its demographics are against it and in its isolation from the West it has to acquiesce to an alignment with China, despite its anxieties over long-term Chinese penetration into its 'near neighbourhood'. However, if its relations with the US and Western Europe normalize, there could be a major shift in geopolitical alignments, constraining Chinese calculations. It is interesting to note that Russia is today one of the vocal champions of a multipolar order.

Shyam Saran in his **Book, "How India Sees the World"** writes the following:

While Russia continued to be an important partner and a significant source of advanced defence technologies and hardware, India now had to deal with the growing economic and security relationship among China and Russia. Russia was supplying the same advanced weaponry to China as it did to India. However, after 1989, neither the US nor its Western allies were supplying weapons or defence-related technologies to China.

There is also no doubt that the West is divided over how to deal with Russia. Few wish to return to the dangerous tensions of a new cold war in Europe but the apprehension over Russian intentions is a legitimate one.

For India, the Ukraine crisis has introduced a new element of discomfort as it seeks to maintain its traditional relationship with Russia without spoiling its growing partnership with the US. It is also uncomfortable over the tightening embrace between Russia and China, which can only work to India's disadvantage.

If the US under Trump removes sanctions against Russia, Europe will follow suit, boosting Russia's international profile. To the extent that the distance between Russia and China grows, these developments will suit India. However, with the recent controversy over alleged Russian interference in US presidential elections, it seems unlikely that the positive shift in US-Russia relations anticipated earlier would in fact come about.

Srinath Raghavan - The myth of idyllic Indo-Russian ties: Russian policy had always been based on **realism** and through its **prism of geopolitical competition with US and China**. The origins of this strategic relationship lay in Moscow's growing rift with Beijing from 1959. The Soviets not only refused to support China in its territorial disputes with India, but also offered MiG-21s to India.

- **Role in 1962 War:** Nikita Khrushchev, then Soviet premier, told the Chinese that there was "no place for neutrality" and put the supply of MiGs to India on hold. During the war, Moscow shared with Beijing its intelligence on India. It was the Indian turn towards the US (Nehru asking for support from Kennedy) that led Khrushchev to revert to his earlier stance.
- **Role in 1965 War:** When Lal Bahadur Shastri travelled to Moscow in May 1965, he was shocked by Khrushchev's successor Leonid Brezhnev's unwillingness to condemn the Pakistani incursion into the Rann of Kutch. At Tashkent, Russians leaned on India to revert to status quo ante and return all captured territory.
- Moscow later backed off (after **1968**) because it now **sought a treaty of friendship with India**. This desire **stemmed from the Sino-Soviet border clashes along the Ussuri river**.
- India agreed to sign the treaty only in the summer of 1971, when there was a convergence between the US, China and Pakistan on the Bangladesh crisis. Until then, Moscow had advised India not to precipitate a war. And New Delhi hoped to change the Soviet stance by inking the treaty. After the Simla agreement of 1972, they insisted that India should not hold back the 93,000 Pakistani prisoners of war.
- Throughout the **1970s and 1980s**, the Soviet relationship was crucial for India because of its exclusivity. The USSR—unlike the US—would not provide military equipment or intelligence to Pakistan or China. Soviet technical and financial assistance as well as trade added layers to the strategic relationship.
- **After Cold war:** The collapse of the Soviet Union shrank Russia into a regional power with limited interests outside its periphery. The shock therapy administered to the Russian economy resulted in a disastrous free-fall. This was accompanied by a steep demographic decline, owing partly to vodka. In this context, the **Indo-Russian relationship turned from strategic to transactional—centred on military technology and spares**.

Contemporary aspects of relationship:

Recent agreements on Defence cooperation

- Joint Venture to manufacture **Kamov-226T light utility helicopters** in India.
- Intergovernmental Agreement (IGA) to purchase/construct **4 additional stealth frigates** through partnership between Russian and Indian shipyard.
- IGA for the procurement of **5 S-400 Air Defence System**.

Civil Nuclear Energy:

- **Kudankulam** power plant
 - Unit 1 & Unit 2 are functional
 - Construction work on Units 3 and 4 has started
 - The General Framework Agreement for the construction of the **third stage of the Kudankulam NPP (KK5 & KK6)** along with the Credit Protocol was signed during PM Modi visit to Russia in June 2017. Six more units are in the pipeline.
- Eight years after India's foreign collaborations in civil nuclear energy were legitimised, **Russia** remains the only foreign country involved in nuclear power production in India.

Trade and Commercial Sector:

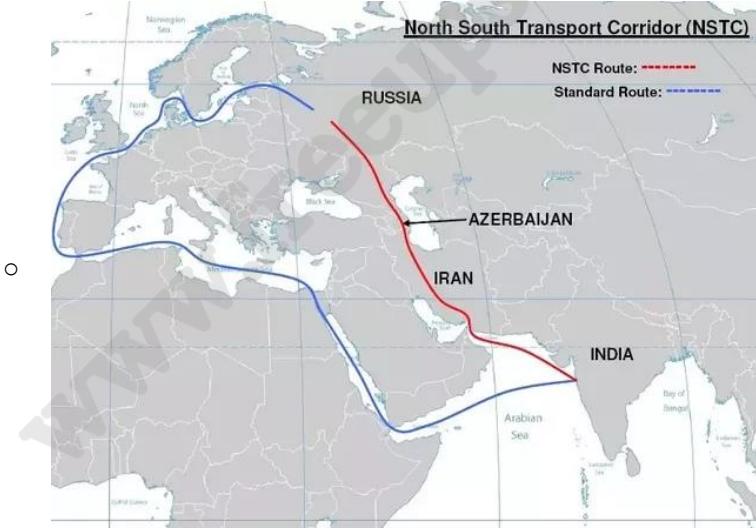
Bilateral trade hovers around **US\$ 8 billion**. Russia comprised just 1% of India's total trade, India accounts for a minuscule 1.2% of Russia's overall trade. Both the countries have set a target to raise bilateral trade to \$30 billion by 2025 and increase bilateral investment from \$10 billion to \$15 billion.

Russia's Economy

- The Russian economy is heavily reliant on energy export with oil and gas comprising about half of the government's revenue.
- Economic sanctions by US and EU bind only a few countries — G7 and the EU — and are specific in their application.
- Heavy military spending.
- Decline in private investment.
- Challenge in the form of **demographic decline** for Russia's growth in the long term.

How to boost Russia India Economic ties?

- **Primarily a buyer-seller relationship.** Besides, if the emphasis continues to be on sectors such as defence, hydrocarbons and nuclear power, it would result in Russia gaining more.
 - Essar seals \$12.9 bn deal with Rosneft (August 2017).
- To ensure a balance, sectors such as IT/ITES, pharmaceuticals and healthcare — where India has considerable strength — should also be encouraged, apart from seeking Russian investments in India in areas including defence manufacturing to push the 'Make In India' programme and in infrastructure and space technology to take forward the Smart City and Digital India initiatives respectively.
- Expedite negotiations of proposed India-Eurasian Economic Union (**EEU FTA**).
- Expeditious implementation of the **INSTC project** as well as the **launch of the 'Green Corridor' project for Customs facilitation** (by easing Customs norms) as what would be major steps towards better connectivity and trade facilitation.



- India acceded to the Customs Convention on International Transport of Goods under TIR Convention. The TIR Convention can be an instrument for movement of goods along the **INSTC Corridor** and would be helpful in boosting trade with the Central Asian Republics and other CIS, particularly using ports in Iran like the Chabahar port.
- Trading in local currencies,
- Setting up pipelines for direct gas delivery from Russia to India,
- Operationalisation of the proposed \$1-billion fund through India's NIIF and the Russian Direct Investment Fund for investment in infrastructure and technology projects.

Russia-China relations (Amb. P S Raghavan)

For Russia, there is a compelling logic for its strategic partnership with China, which has been developing since 2000. As two large neighbours with a 4000-plus km border, they have economic complementarities and political convergences. The Chinese appetite for natural resources, raw materials and military technologies match Russia's strengths. The final settlement of their long-standing border disputes in 2005 paved the way for a broader relationship.

However, as a country seeking to regain its status as a great power, Russia continues to view China as a potential strategic adversary of the future. It does not transfer the latest generation of weapons or technologies to China; it is also careful about the level of Chinese investment in its hydrocarbons industry or Chinese presence in its Far East, bordering China.

The freeze in Russia's relations with the West after the annexation of Crimea (or accession of Crimea, depending on your political allegiance) in March 2014 changed the complexion of the Russia-China relationship. Russia was locked into a tighter embrace of China than it had bargained for.

Russia's rapprochement with Pakistan

Developments in recent years:

- In 2014 Russia removed its arms embargo against Islamabad.
- In 2015, Moscow agreed to sell 4 Mi-35M helicopters to Pakistan and welcomed Islamabad to join the SCO.
- In 2016, Russia announced the first-ever "mutual special drills in mountainous terrain". Russia-Pak Military Exercise "Friendship 2016" (Location shifted from Gilgit-Baltistan to Cherat in Khyber Pakhtunkhwa in the aftermath of URI Attack).
- Agreement on a construction project to transfer LNG from Karachi to Lahore.

Harsh Pant: Vladimir Putin, intent on viewing South Asia through the prism of Russia's geopolitical competition with the West, may have decided that the time was right for tilting towards Pakistan. US-Pakistan ties may have hit their nadir and the new US administration, expressing isolationist tendencies, remains consumed by multiple domestic crises.

- The global arms market has become more difficult for Russia to navigate, with China deciding to produce its own weapons rather than procuring them from Russia. Moscow needs new buyers.
- Russia, through Pakistan, wants to gain some plot in Middle East, Gulf countries (already it has grown its influence as a major power in Syria and Iraq). Russia also had recently shown interest in the Palestinian conflict.
 - Pak has in the past also played similar roles when it acted as a conduit for US-China relations (US-China Economic ties is the largest in the world as of now, despite the strategic challenges between them)
- New equations like US-India-Afghanistan and on the other side China-Pak-Russia.
 - China-Russia closeness - Several China-Russia joint exercises in the Asia-Pacific region as well.

Implications on India-Russia relations

- Prof. SD Muni: It can impact only when the closeness deepens in the Strategic cooperation with Pakistan, which doesn't seem to happen in the near future as of now.
- We should not draw some long conclusions from just a military exercise or some arms sale.

C Raja Mohan - Get Real on Russia - As it draws closer to Pakistan and China, India must stop taking it for granted.

- That a sovereign has no permanent friends is part of traditional wisdom around the world. Nothing illustrates this more than the evolution of Russia's ties with China and Pakistan. Few countries in the non-Western world have done more damage to Russian interests. The Chinese alignment with the West from the 1970s and the Pakistani jihad against Moscow in the 1980s were central to the defeat of the Soviet Union in the Cold War.
- Moscow now believes it can play the China card in enhancing its leverage with the US. Some in Moscow may also bet that cosying up to Pakistan would help caution India against drawing too close to America. Others in Russia might point to the unintended consequence of pushing India into the arms of the US.
- Russia has the sovereign right to choose its friends. Nor should Delhi assume that Russia's current orientation — warmth to China and hostility to the West — is a permanent one.

At a moment of great turbulence in great power relations, Russia is rightly jockeying for position. This demands that **Delhi must focus instead on reconstituting the partnership with a country that will remain a powerful force in Eurasia, on its own merits.**

Experts/Scholars viewpoints on India-Russia relations:

Amb. Rajiv Sikri on India-Russia relations:

- Russia (and earlier the Soviet Union) has been a steadfast friend and a very special and privileged partner of India for many decades. Both the Soviet Union and its successor state Russia have provided India with immense help in diverse fields like industrial development, energy, education space, atomic energy, defence equipment and so on. India benefited from **cheap Soviet credits and rupee trade**.
- Politically**, the Soviet Union supported India at critical times on Kashmir, Goa, Sikkim and Bangladesh. India continues to get military hardware from Russia, including an aircraft carrier, nuclear submarines, and many other weapon systems and platforms that other countries simply do not offer at all. There is now growing cooperation in the energy sector.
- Today mutual interest, not ideology or sentimentalism, drives the relationship** that, unfortunately, occupies a somewhat lower priority in the foreign policy of both countries.
- Despite some welcome course correction to stem the drift in bilateral relations, **the structural weaknesses remain**.
 - Trade** is low,
 - People-to-people contacts** limited,
 - Language acts as a hindrance**, and
 - Lack of any influential lobby pushing for closer India-Russia ties is a handicap**.
 - Bharat Karnad**: Missing pitchmen in Moscow, and death of the Hindustani-speaking Russian Ambassador Alexander Kadakin is a big void that will be hard to fill.

Harsh Pant (March 2017): India is a challenging market for US defense exporters, and Russia has traditionally been willing to go along with "make in India" policies promoting indigenous production. For its defense matrix, India cannot afford to marginalize Russia as it still is the only country selling critical strategic technologies to India.

Shyam Saran on Way forward for India:

Reasons for growing Russia-China bonhomie:

- **Economic dependency on China:** Russia is more dependent on Chinese support as the US has put sanctions on Russia and targets it openly in Europe. The Chinese market has become progressively more significant for Russia, particularly as an importer for Russian energy resources, in an era of prolonged depression in oil prices. ([Russia signs 30-year deal worth \\$400bn to deliver gas to China in 2014.](#))
- **Confronting the West:** Russia has started to align itself more with Chinese positions on a number of regional and international issues. The outreach to Pakistan may well reflect this trend. This is not different from what happened in 1971 when the US under Richard Nixon sought to uphold Pakistan's interests, to curry favour with its new-found Chinese ally. India became collateral damage in the process.

Way forward for India:

1. We should **avoid raising Pakistan to the level of an over-riding preoccupation**, which substantively it is not. That's because this also sets us up for both our friends and adversaries using Pakistan as leverage against India.
 - **Pakistan's use of cross-border terrorism against India is an admission of its own weakness, in real power terms, against India. If Pakistan is a threat, it is so as a sub-set of the larger Chinese threat, which really should be our preoccupation.**
2. There are enough reasons for India to remain deeply engaged with Russia.
 - **It will remain a key source of sensitive technologies and hardware, even as we diversify our sources of supply as we must in our own interest.**
 - **It may well become a key energy partner as our own energy demand increases and Russia looks for markets outside Europe.**
3. Russia may be in a relatively vulnerable position at the moment. This compels it to mute its concerns over:
 - **Chinese inroads into its Central Asian neighbourhood, and**
 - **Chinese demographic challenge to its sparsely populated Siberian Far Eastern territories.**

In the long run these concerns will resurface. **Russia has always had a sense of itself as a great power. It is unlikely to accept as a permanent condition a junior status to an ascendant China. India should bide for that moment.**

For the same reason, Russia may welcome a higher-profile role by India in Eastern Europe and Central Asia. In this context, **India should pursue the proposed FTA with the EEU and seek to play a more active role in the SCO as a member.**

[Shyam Saran - The road from St. Petersburg](#) (June 2017) - Nostalgia may be useful, but it cannot make up for a lack of substantive drivers in India-Russia ties.

India-Russia relations today are very different precisely because we are very different countries today and the **world is very different from the 1960-1990 phase** of the India-Soviet strategic partnership. The cordiality and mutual trust of the past may be leveraged to fashion a new relationship but they cannot substitute for a lack of substantive drivers in the relationship.

[NANDAN UNNIKRISHNAN - The enduring relevance of India-Russia relations](#) (May 2017)

India, like Russia, would not want a bipolar understanding emerging between China and the United States because that would reduce the space for strategic manoeuvrability for both India and Russia. Therefore, reinventing Indo-Russian relations is an important task facing the political leadership of both countries, who must find ways to rejuvenate the confluence of political and strategic interests if the relationship must break out of its current shackles.

P S Raghavan on India-Russia ties (June 2017)

Most analyses of India-Russia relations approach them from one of two directions.

- One is the **nostalgia stream**, which bemoans the fact that the uniqueness of the bond has been diluted.
- The other assumes that our interests have diverged to the extent that only a shell of the relationship remains today.

Both approaches are invalid. The India-Russia relationship has to be placed in the larger context of the global geopolitical environment of the 21st century, which has transformed the realities in our neighbourhood.

- i. **Some nuances in the Russia-China relationship need attention.**
 - Contrary to a general impression, Russia has not endorsed the Chinese claims in the **South China Sea**. It declares that it is for the parties to settle the dispute among themselves. Russia supported the Chinese position on the PCA verdict on the narrow ground that a judgement delivered without hearing the views of China was not valid.
 - **OBOR/BRI**: Russia is wary of increased Chinese economic and political influence in Central Asia – historically Russia's backyard. In his speech in Beijing, **President Putin** said BRI should take into account specific national needs and should be implemented transparently – the same points as were made by India's spokesperson on BRI.
- ii. **Russia's perspectives on Afghanistan and Pakistan should be viewed through the prism of the Russia-West standoff.**
 - **Afghanistan**: Concerns of western intelligence agencies plotting to infiltrate terrorists and promote drug trafficking into Russia through the porous Tajikistan border.
 - **Taliban**: Ghani government is increasingly losing control of much of the country to the Taliban and looks incapable of retrieving it. Under the circumstances, Moscow started engaging with the Taliban as an insurance against it being used against Russia. It may be noted that **Iran**, which should have an even greater antipathy to the Sunni Taliban, openly admits its links with it and explains it as insurance against Western mischief in Iran from Afghanistan.
 - **Pakistan**: Pakistan's intermediary role could help contacts with the Taliban. Also, Pakistan's links in the Islamic world may be of some use to Russia as it takes centre-stage in various West Asia issues. Indian sensitivity was an important deterrent to such initiatives, but as India broadened its international engagement, Russia embarked on its AfPak strategy.
- iii. Meanwhile, **Russia has strengthened its strategic partnership with Vietnam**, executing joint hydrocarbon projects which may encroach on disputed areas of the South China Sea. It also supplies advanced weapon systems to Vietnam.
- iv. A major **initiative is also underway to rebuild bridges with Japan** – another country with prickly relations with China. Discussions are ongoing to resolve the Kuril Islands dispute and the two countries are stepping up economic cooperation as a confidence-building measure.

Our assessment of India-Russia relations has to be set in this international context. Recognizing that Russia will pursue its national interests, **we should assess, without nostalgia or value judgements, how it ties in with our interests**. Where does Russia stand on this yardstick?

- Russia remains our principal supplier of weapons systems and equipment. As President Putin said publicly, it supplies to India sensitive technologies which are not sold to any other country (read, China). It is a fact that no other country is willing to supply such technologies. This is a crucial

element in our defence preparedness which we cannot ignore. Despite our best efforts over a decade, we still cannot get cutting-edge US defence technologies.

- Russia is still the **only foreign country involved in nuclear power generation in India**. Much of the cost of the Russian collaboration plants is covered by soft loans.
- Our **hydrocarbons** investments have been mutually beneficial.
- **Security in Afghanistan**: The support expressed in the [**Joint Declaration \(2017\)**](#) for the **Moscow dialogue process**, involving all stakeholders, reflects India's satisfaction at Russia's present course.

Challenge of progress in economic cooperation:

- The determination to diversify trade and investments, areas of promise identified and joint ventures in prospect are permanent features, with little to show in achievement.
- Both sides recognize the **INSTC** as a strategically important project, but progress remains slow.
- The **Customs Green Corridor**, direct diamond trade, banking links and other such trade promotion measures **do not require complicated action, but they just do not get done**.

Broad-basing the cooperation **beyond its over-dependence on defence, nuclear energy and hydrocarbons** would enhance mutual stakes in the relationship and promote greater sensitivity to each other's core concerns.

C Raja Mohan (Jan. 2018) -

Russia's tightening embrace of China and its flirting with the Taliban and the Pakistan army are generating unease. Delhi must reimagine India's relations with Russia in 2018 and beyond on the basis of clear-eyed realism.

Three elements must constitute this pragmatic engagement.

- i. First, having long-wished and campaigned for a multipolar world, Delhi must learn to live with it. India can't expect a veto over Russia's China policy, nor can it cede one to Moscow on India's ties with the US. India's bilateral ties with Russia must necessarily be defined by these boundary conditions in the near term.
- ii. The second is to appreciate Russia's long-term strategy towards the West. What Putin wants is an honourable accommodation with the West that Russians feel was denied after the collapse of the Soviet Union. Although Putin has drawn Russia closer to China, he has no desire to play a permanent second fiddle. Moscow, which helped Mao's Beijing in the 1950s and fought with it in the 1960s and 1970s, has no illusions about a rising China. In a world of changing distribution of power, Russia is aware that it can't reinvent a duopoly with America. **Putin wants to make Russia a "swing state" in the global balance of power marked by the rise of China and the uncertain evolution of America.**
- iii. Third, if Russia is conscious of its limitations, **Delhi's strategic community seems hesitant to acknowledge India's strengths**. Consider the fact that India's GDP today, at \$2.6 trillion, is nearly twice that of Russia. Many in Delhi's foreign policy establishment are unprepared for a relationship that is more in tune with the changed circumstances in which India is emerging as a power in its own right.

As middle powers, there is much that Delhi and Moscow can do with each other. In the new circumstances, **Delhi and Moscow must move towards a practical relationship that focuses on give and take wherever possible**. The two sides must also carefully manage the inevitable differences that arise. For the foreign policy conservatives in Delhi, this sounds "transactional". But in the dynamic world that confronts India and Russia, "**transactional" is any day better than "sentimental"**".

Amb. P S Raghavan (Feb. 2018)

Each side should continue to respect the **core strategic concerns and political sensitivities of the other.** For India, these include Afghanistan, Pakistan and Chinese actions that impinge on their interests. Whereas for Russia, they include its strategic interests in Crimea and in West Asia, particularly Syria. And although asymmetry exists in every bilateral relationship, the ambassador cautioned against the tendency to over or under-estimate it. For example, there is a need for wider recognition in Russia of the fact that India has acquired an international political and economic presence that has enhanced its room for strategic manoeuvring. It is equally important for India to recognise the range and strength of Russia's global profile.

India-US relations

Historical context of India-US Relations ([Dr. S Jaishankar](#), Aug. 2018)

Historically, the US made an ambivalent approach to the growth of India's power.

- On the one hand, it valued Indian stability and promoted those aspects that served its larger interests. That explains the US's generosity when it came to development programs at a time when our political relations were not at their best. When there were serious challenges such as in 1962, American policy makers were actually anxious about our future.
- But on the other hand, they worked overtime to neutralize our regional dominance strove particularly hard to ensure some parity with Pakistan.

This policy started changing during the Kargil conflict and has gathered momentum over successive administrations. It has been driven by numerous factors, among them our growing economic and technology relationship, new geo-politics arising from the rise of China, and some commonality of interest on terrorism. The diaspora has been a big factor in this process.

Among the changes that reflect this new relationship are the **India-US Civil Nuclear Deal** and also the closer **defence cooperation**. Clearly an India that has substantial economic relationship, serious military ties, greater convergence in strategic interests and an influential diaspora connect, has to approach the US very differently.

We cannot continue on autopilot. For good reason of History the old Indian mindset *vis-a-vis* the US is defensive, even suspicious. But today, a stronger and more capable India is perfectly capable of a strategy of leveraging the US (e.g. [India-US nuclear deal example of India leveraging great power to get ahead](#)). Keeping a distance from another country cannot be a primary yardstick of policy independence of a confidant power. On the contrary, we can make the pursuit of our own global goals and interests much harder. A clear eyed view of our national interests encourages us to work with the US when required and differ with it when necessary.

Newer normal in world politics - **Economic Nationalism** in the US has already made trade more central to relationships than ever before. The recalibration in American global posture have repercussions that are yet to be felt.

There could be differences as well on third party relationships (e.g. **Iran**), but at a time when we are still harvesting the gains of improved India-US ties, it is important not to lose focus. **The structural basis of this relationship has never been stronger.**

Certainly, there will be the give and take of International Politics, and now increasingly on International Trade, but it is not that as if we don't have cards to play. The less rigid global architecture allows for more freedom of manoeuvre (hinting at China, Russia ties for leveraging ties with the US). Abandoning prejudices and making decisions on merits would itself be doing foreign policy very differently.

Shivshankar Menon in his **Book "Choices: Inside the Making of India's Foreign Policy"**, writes that there has been a conviction that a true India-US strategic partnership would serve our national interests in the changed geopolitical situation. While both countries have always fought shy of saying that their partnership is to balance China, it is clear that the rise of China was one of the major spurs.

There is a creative tension at the heart of India-U.S. relations. India clearly needs U.S. technology, markets, and support to transform itself and create the stable and peaceful environment that the

country needs to grow. The US finds a stronger and more active India useful since there is a clear strategic congruence between the two countries' goals in the Indo-Pacific. But India is also an awkward partner since its strategic interests in West Asia diverge from those of the U.S., and India's present stage of development, so different from that of the U.S., leads India to make economic demands that strain U.S. preferences.

Today India and the United States are victims of the civil nuclear initiative's success. The emotional impact of the Civil Nuclear Initiative raised the level of ambition in the relationship so high that expectations on both sides have become hard to fulfill.

While India's ties with the United States are better than ever and continue to expand, in public discourse the search continues for the next big thing, the next civil nuclear initiative. I have no doubt that having surprised the world once in July 2005, India and the United States can certainly do so again in the future.

India US Defence Ties – Defence Framework Pact and DTTI

Defence cooperation has been the most visible aspect of this evolving relationship over the last one-and-a half decade. The **US** has in fact emerged as the **top arms supplier to India** and currently **India conducts more military exercises with the US than with any other country**.

- January 1995: **Defence Policy Group (DPG)** (apex institutional dialogue mechanism for Defence Cooperation)
- June 2005: a New **Defence Framework Agreement**, focused on defence trade, joint exercises, personnel exchanges, collaboration and cooperation in maritime security and counter piracy operations, exchanges between each of the Services, etc.
 - **Defence Technology and Trade Initiative (DTTI)** (is not a Treaty or Law, **2012**):
 - To strengthen defence cooperation by facilitating the Indian companies to collaborate with US partners in defense co-production, where the US provides **technology and guidance for building modern weapon systems**.
 - **Co-development and co-production under DTTI** may become the hallmark of the Modi government's 'Make-in-India' initiative.
- **2015: renewed this Defence Framework Agreement for the next 10 years.**
 - four key "**pathfinder projects**" for joint development and production under the **DTTI**
 - Intelligence-gathering and reconnaissance modules for C-130J Super Hercules aircraft
 - Mobile electric hybrid power sources
 - Chemical, biological warfare protection gear for soldiers
 - India is among eight countries where US defense exports are not restricted.
 - June **2016**: The recognition of India as a "**Major Defence Partner**".
 - August **2018**: Strategic Trade Authorisation - **STA-1 status to India**

Military Joint Exercises:

1. Naval exercise **MALABAR** with **Japan**,
 - When the 2007 edition of this bilateral exercise, held off Okinawa, was enlarged to accommodate Australia, Singapore and Japan, China issued a shrill demarche, conveying its fear and displeasure. It took another eight years before Japan was formally admitted to make Malabar a tri-lateral.
2. India's participation in the Rim-of-the-Pacific (**RIMPAC**) Exercise in Hawaii,
3. **Red Flag** Air Force Exercise in Alaska,
4. **YUDH ABHYAS** Army exercise.

Four '**Foundational pacts**' that US wanted India to sign since 2002, are:

1. End User Verification Agreement (which the US and India had already signed).
2. Logistics Support Agreement (LSA), signed as India specific LEMOA.
3. Communications Interoperability & Security Memorandum of Agreement (CISMOA).
 - o June 2018: Draft Communications Compatibility and Security Agreement (COMCASA) changed from CISMOA to reflect its India-specific nature.
4. Basic Exchange & Cooperation Agreement on geo-spatial services (BECA).

What is LEMOA?

- Logistics Exchange Memorandum of Agreement (LEMOA), a modified version of Logistics Support Agreement (LSA).
- Would enable mutual exchange of **logistics support, supplies and services (LSSS)** between the defense forces of both countries.
- India did not have such agreements with any nation due to apprehensions that it would lead us progressively towards a form of informal alliance (Which has political sensitivities). Earlier, whenever any ship from any country visited our ports or airbases, it goes through a long process of clearances through MEA, MoD and other agencies. This foundational agreement facilitates cutting short of those agreements.
- Simplifies procedures for berthing, refuelling, repairing, supplying food stores etc., it's not a bad deal.
- **Why LEMOA and not LSA?**
 - o For specific situations such as joint military exercises, interventions in disaster relief and any other situation mutually agreed upon.
 - o **No automaticity that it would apply in all situations and India would have discretionary powers** to grant such permissions.
 - o However, refusing their requests (hypothetically supposing in some war between US and some other country, say Iran, which is friendly to us) on case-to-case basis might create a political controversial thing.
- Agreement mentions specifically to allay concerns of being seen as a too close a US military ally , "The Agreement does not create any obligations on either Party to carry out any joint activity. It does not provide for the establishment of any bases or basing arrangements."

What is CISMOA?

- CISMOA stands for **Communication Interoperability and Security Memorandum Agreement**.
- Would allow the **interoperability of equipments**, meaning that there would be **access to encrypted and secret technologies or communications**.
- So far **US has blocked sale of some of the advanced technologies and sensitive equipments** (generally installed on US procured systems only) to India on account of non-signing this agreement.
- Could also be important for **multinational operations related to rescue, disaster relief etc.**

June 2018 - Draft Communications Compatibility and Security Agreement (COMCASA); Sushant Singh - COMCASA: Why US, India can't connect (June 2018)

- Provides a **legal framework for the transfer of communication security equipment from the US to India** that would facilitate "interoperability" between Indian and US forces — and potentially with other militaries that use US-origin systems for secure data links.
- To facilitate the **use of high-end secured communication equipment to be installed on military platforms** being sold to India. India's military, they argue, is currently dependent on commercially

available and less secure communication systems on high-end American platforms like C-130Js and the P8I maritime surveillance aircraft.

- **US says** signing COMCASA becomes mandatory if India is to get the armed version of the Sea Guardian drones from Washington.

India's concerns:

- i. **Defence ministry officials fear** American intrusive access to Indian military communication systems
- ii. Violation of Indian sovereignty due to visits by US inspectors to Indian bases to inspect the COMCASA-safeguarded equipment.
- iii. They also fear that a large quantity of Russian-origin and indigenous Indian military platforms may not be compatible with COMCASA.
- iv. It is also a politically sensitive issue in India. Moving into an election year, with India-US relations on a somewhat less strong footing, the government may be hesitant to sign the agreement now.

What kind of assurances India demands? (Aug. 2018)

- India's demand for a clause which explicitly states that Indian sovereign law takes precedence over COMCASA. Indian officials argue that such a clause was part of the India-US nuclear deal negotiated by the UPA government and there is no reason why Americans can't make the same concession now.
- Assurance that the American side won't use the access it gets to the military communications system for spying on India.
- About the misuse of control equipment, as it is part of proprietary American network, which can be used by US military against Indian forces.
- The US government should not switch the whole equipment off or shut the Indian military network down as part of a policy decision.

US's new National Security Strategy (Dec. 2017)

Indo-Pacific:

- We welcome India's emergence as a leading global power and stronger strategic and defense partner. We will seek to increase quadrilateral cooperation with Japan, Australia, and India.
- We will expand our defense and security cooperation with India, a Major Defense Partner of the United States, and support India's growing relationships throughout the region.

South Asia: The United States continues to face threats from transnational terrorists and militants operating from within Pakistan. The prospect for an Indo-Pakistani military conflict that could lead to a nuclear exchange remains a key concern requiring consistent diplomatic attention.

U.S. interests in the region include countering terrorist threats that impact the security of the U.S. homeland and our allies, preventing cross-border terrorism that raises the prospect of military and nuclear tensions, and preventing nuclear weapons, technology, and materials from falling into the hands of terrorists.

Political:

- We will deepen our strategic partnership with India and support its leadership role in Indian Ocean security and throughout the broader region.
- We will press Pakistan to intensify its counterterrorism efforts, since no partnership can survive a country's support for militants and terrorists who target a partner's own service members and officials. The United States will also encourage Pakistan to continue demonstrating that it is a responsible steward of its nuclear assets.
- We will help South Asian nations maintain their sovereignty as China increases its influence in the region.

Economic:

- We will encourage India to increase its economic assistance in the region. In Pakistan, we will build trade and investment ties as security improves and as Pakistan demonstrates that it will assist the United States in our counterterrorism goals.

Military and Security:

- We will bolster the fighting strength of the Afghan security forces to convince the Taliban that they cannot win on the battlefield and to set the conditions for diplomatic efforts to achieve enduring peace. We will insist that Pakistan take decisive action against militant and terrorist groups operating from its soil.

Trade and Commercial Sector

- High levels of bilateral trade and highest ever FDI inflows to India in 2016-17, especially from the US. In 2017 calendar year, India-U.S. bilateral trade in goods and services reached [\\$140 billion](#)
- “**Silicon Valley comes to India**” program which will have experts from USA coming to India to interact with start-ups and provide the required momentum to Indian entrepreneurial eco-system.
- Travel and Tourism as a new work stream for future collaboration.
- Infrastructure and Smart Cities collaboration - to tap the opportunity of India’s infrastructure projects through mechanisms like the “National Infrastructure and Investment Fund”
- Issues in areas of **standards, Intellectual Property**
- Co-hosted the **2017 Global Entrepreneurship Summit** in India.
- **April 2018** - The [Office of the USTR would review the Generalised System of Preferences \(GSP\) eligibility of India](#), Indonesia, and Kazakhstan. The U.S. GSP programme was established by the U.S. Trade Act of 1974, and promotes economic development by eliminating duties on thousands of products when imported from one of the 129 designated beneficiary countries and territories.

Shyam Saran on US obstructing India's entry into the APEC:

- Our argument: If India becomes the member of APEC, US won't have a pressure to try and negotiate on trade related issues, it would have comfort level because of this. It could then conform over a period of time to the higher standards and would help India in becoming part and parcel of what US says as a 'higher standards trading arrangements'.
- Even this argument is being opposed by US, wherein other countries support India for its membership. Now this kind of approach US cannot continue to have and yet believe that US-India can develop a strong political and security partnership.

One leg of the US-India cooperation in terms of security relationship is growing very well but the other leg of economic and trade cooperation is highly infected and not sustainable in the long term for overall growth of relations.

What is Indo – US's WTO problem?

Agriculture

- AoA of Uruguay round negotiations is heavily tilted in favor of developed world.
- Current quest of India as part of G-33 is towards achieving permanent solution. This has impact on our PDS system at administered prices.

Intellectual Property

- As part of Doha Development Agenda, developing countries managed to tweak ‘Agreement on TRIPS in favor of developing countries by allowing **compulsory licensing** in certain circumstances.
 - e.g. NATCO for ‘nexavar’ drug produced originally by **German firm Bayer AG**.

- US not only want this concept to be done away with, it also wants a liberal IPR regime which allows evergreening of patents.
- Indian Patent Act allows protection of both product and process, but it allows patent only when there is enhanced efficacy of the substance.

Visa problem

- India is the largest user of H1B visas (67.4% of the total H1B visas issued in FY14 went to Indians) and is also among the largest users of L1 visas (Indians received 28.2% of the total L1 visas issued in FY14). India is likely to pursue bilateral discussions over the issue, but as last resort it may head to WTO if nothing comes out.
 - What is H-1B visa: a non-immigrant visa that allows US companies to employ foreign workers in specialty occupations that require theoretical or technical expertise in specialized fields such as in architecture, engineering, mathematics, science, and medicine for up to six years.
 - Why do H-1B visa woes continue? The Hindu
- Shyam Saran:
 - Since issuance of visas is considered to be an immigration issue and not a trade issue, one cannot take the suspension to the WTO dispute settlement mechanism. What we can do is to highlight the fact that this is a partnership in which both parties gain.
 - Indian IT services contribute to enhancing the global competitiveness of U.S. companies,
 - Indian IT companies are providing significant employment in their operations to U.S. citizens, and
 - U.S. tech companies in India are some of the most profitable in the world.
 - Furthermore, in negotiating with the U.S. on this issue, we should leverage the fact that India is a growing market for U.S. products and services, in particular for defence hardware and technology. There should be some element of trade-off.
 - Indian IT companies should also adapt to the changed situation by diversifying markets away from the heavy dependence on the U.S.
- A newly released World Bank report on global migration shows - In skilled migration worldwide, busiest route is India to US. Nearly 12 lakh skilled migrants from India to the US in 2010, compared to nearly 3 lakh from the Philippines to Canada. (July 2018)

C Raja Mohan on challenges in Trade relations under Trump Administration (May 2018):

- Amidst Trump's growing challenges to India on trade and immigration issues, Delhi's claims that it is in 'compliance with the WTO' or its insistence on 'free movement of labour' into America appear utterly innocent of the new dynamics shaping Trump's demand for rewriting the trade rules and opposition to open borders.
- At Wuhan, China has shown it is taking Trump seriously and finding ways to manage the multiple uncertainties generated by him. India appears miles away from constructing a coherent strategic response that will take advantage from some of Trump's policies while limiting the damage from others.

Trump administration - Impact on India-US relations:

C Raja Mohan: Smart money, in Delhi, should be on significant change rather than continuity in Washington. There is probably only one guidance to understanding Trump's America: the past is not a good guide for the future.

PM Modi's June 2017 visit to USA.

Joint Statements: [2017](#), [2016](#)

- Democratic Stalwarts in the **Indo-Pacific Region** - a close partnership between the US and India is central to peace and stability in the region:
 - Respecting freedom of navigation, overflight, and commerce throughout the region;
 - To resolve territorial and maritime disputes peacefully and in accordance with international law (read UNCLOS);
 - Bolstering regional economic **connectivity** through the **transparent** development of infrastructure and the use of **responsible debt financing** practices, while ensuring respect for **sovereignty and territorial integrity**, the **rule of law**, and the **environment**; and call on other nations (read China) in the region to adhere to these principles.
- Increase tangible collaboration with partners in the **Middle East**.
- A new para on **DPRK** - to work together to counter the DPRK's weapons of mass destruction programs.
- **Counter-Terrorism:**
 - Called on **Pakistan** to ensure that its territory is not used to launch terrorist attacks on other countries, to expeditiously bring to justice the perpetrators of the 26/11 Mumbai, Pathankot, and other cross-border terrorist attacks perpetrated by Pakistan-based groups.
 - Expanding **intelligence-sharing and operational-level counterterrorism cooperation**.
 - Support to UN CCIT, reinforce the message that no cause or grievance justifies terrorism.
- **Defence:** Proposed sale of **Sea Guardian** drones (non-weaponized, surveillance purposes) for **Indian Navy** - the **first non-NATO country to be offered these**.
 - **But India, looking for possible weaponized systems** is yet to commit to a purchase from America. The **\$2 billion deal could go a long way in boosting jobs in the US and certainly ties in with Trump's "America First" policy**, but might be less attractive to India than it appears at first glance.
- **Nuclear:** Both looked forward to conclusion of contractual agreements between Westinghouse and the NPCIL for six nuclear reactors in India and also related project financing.
 - **April 2018:** The two sides reaffirm their strong commitment to early and full implementation of our civil nuclear partnership, including the Westinghouse civil nuclear project at Kovvada.
- **U.S. energy exports** so that more **natural gas**, **clean coal**, and **renewable resources** and **technologies** are available to fuel India's economic growth and inclusive development. To expand energy and innovation linkages, including on more **efficient fossil fuel technologies**, **smart grids**, and **energy storage**. Both Financing of energy projects, including clean coal projects, by Multilateral Development Banks to promote universal access to affordable and reliable energy.
 - **April 2018: India-US Strategy Energy Partnership Joint Statement**
 - Four primary pillars of cooperation: (1) Oil and Gas; (2) Power and Energy Efficiency; (3) Renewable Energy and Sustainable Growth; and (4) Coal. Both parties may consider establishing additional pillars of cooperation based on mutual agreement.
- **India's formal entry into the International Expedited Traveler Initiative (Global Entry program)** in order to facilitate closer business and educational ties between the citizens of India and the United States. In 2016, there was a MoU for this.

Expert's/Scholar's views:

Shyam Saran (May 2017): The present government has invested heavily in building a stronger strategic partnership with the US. This was based on the assumption that even with its geopolitical pre-dominance diminished, the US remained a formidable military power and an unmatched source of technological innovation and excellence. It shared India's interest in preventing a China-dominated Asia and the world. It would, therefore, be an indispensable partner in India's trajectory towards great power status.

Trump's preoccupations at home mean that the US will be less engaged with regional and global issues and this adds another layer of complexity in dealing with the China challenge and in navigating an even more treacherous international landscape.

However, the strengths of the US are likely to be enduring and India should not dilute the relationship because of immediate concerns such as the issue of visas to our IT professionals.

FS S Jaishankar (July 2017): "The United States is, generally speaking, reframing its terms of engagement with the world. Let us be clear what is not happening: the US is not withdrawing from the world. On the contrary, it is seeking to get what it hopes to be a better deal from the rest of the world. It is important not to jump to conclusions. The continued presence of the United States in the Asia-Pacific is an important factor in the calculations of all nations. Developing a nuanced understanding of the unfolding situation is a must for policy makers, as well as analysts."

"**Don't demonize Trump, Analyse Trump.**"

Pratap Mehta (Oct 2017) - The new Asian game - An authoritarian, assertive China is a challenge for India. But it is premature to conclude that US will be its saviour.

C Raja Mohan (Oct 2017) - India should resist the temptation for an endless debate on whether America can move away from China and Pakistan and be India's reliable partner. Delhi should focus, instead, on strengthening practical cooperation wherever possible with Trump's Washington.

Delhi must seek to:

- stiffen America's resolve to confront the **Pakistan** Army's sponsorship of terror,
- encourage him to discard the residual **bureaucratic hesitations in Washington** about supporting India's rise, and
- delineate the pathways for constructing a stable balance of power system in the Indo-Pacific.

C Raja Mohan (Nov. 2017) - **Xi, Trump, Asian disorder.**

The new complexities driving Asian politics.

• These include America's demands for "fair" rather than "free trade" with Asia and the problem of accommodating China's rise without abandoning its long-standing allies and friends in the region. Xi insisted that Beijing and Washington need to "jointly" promote peace and stability in Asia. This is one of Xi's core demands on Trump — to share the leadership of Asia on Beijing's terms. Trump, or any other US president, will have a hard time ceding America's long-standing primacy in Asia.

Three things stand out:

- i. America and China will continue to jockey for political primacy in Asia;
- ii. the tension between Washington's traditional commitment to economic globalisation and Trump's "America First" policies is unlikely to be resolved any time soon; and
- iii. most countries in the region are beginning to diversify their security partnerships.

The rise of China and the turbulence in American domestic politics have created great disorder under the heavens. But they have also opened up much room for creative Indian diplomacy in Asia.

Alyssa Ayres: US policies toward India and Asia need strategic coherence (Nov. 2017)

- US should call explicitly for APEC to offer membership to India. Asia's third largest economy deserves to have a seat at the table, and it will help India to be more embedded in the premier regime focused on free and open trade in Asia.
- To address the urgent need for infrastructure funding in the Asian region—to offer a real alternative to the Belt and Road loans.
- In economic dialogues with India, the administration needs to keep its gaze on the strategic and not get buried in the transactional. A narrow focus on the \$24 billion trade deficit with India (compared to more than \$300 billion with China), should not distract from this larger goal. Of course, we and India need to sort out market access problems and our difficulties with Indian IPR polices, but these questions are not strategic in nature.
- A strong, stable, democratic India committed to a rules-based order will indeed be a "bookend" for the region. Washington will have to alter its economic focus to get there.

Nisha Biswal - (Oct. 2017) - The geo-economics of the Indo-Pacific are as important as the region's geopolitics.

A fully realised US-India economic partnership is necessary to accomplish the shared goals and shape the destiny of the Indo-Pacific region.

C Raja Mohan - How India can negotiate Trump's world (Dec. 2017)

If President George W. Bush affirmed that Washington will support India's rise, Trump is welcoming India's "emergence as a leading global power". If presidents Bush and Obama stopped seeing India through the constricting prism of South Asia, Trump is betting on a larger role for Delhi in stabilising the Indo-Pacific.

Delhi has to look at one of the key propositions in Trump's NSS: "**Economic security is national security**". Aligning India's economic strategy with the changes unfolding in Trump's America is the key to an enduring and productive bilateral partnership. Central to that approach is the revitalization of India's high-technology partnership with America.

- India's real opportunity with Trump's America, therefore, lies in building on the expansive linkages between Bengaluru and Silicon Valley and demonstrating that the two nations could simultaneously prosper.

Harsh Pant: Responding to Donald Trump's disruption (May 2018): The challenge for India is to use its convergence with Russia and China on global issues to bring a semblance of balance to American capriciousness on the global stage.

C Raja Mohan: India's diplomacy, Trump effect (May 2018)

As Trump demands reciprocity in commercial relationships to redress America's massive trade imbalance with the rest of the world, most of America's partners are eager to make bilateral deals with Washington. As Trump questions the costs and benefits of alliances, America's traditional partners in Europe and Asia have been compelled to consider the logic of strategic autonomy from the U.S. Neither Trump's allies nor his adversaries can now afford to take Washington for granted.

India's positive political relations with the US have been complemented by the new challenges of managing the problems on the trade and immigration fronts. If Sino-US tensions have opened up space for India, those between Washington and Moscow shrink Delhi's room for manoeuvre. Modi's informal summits in Wuhan with Xi and Sochi with Putin are part of the new **nimble footed Indian diplomacy towards major powers**.

Delhi's weak defence industrial base and tentative military diplomacy have prevented it from measuring up to its own claim on being a "regional security provider".

Suhasini Haider (June 2018)

- U.S. new law called **Countering America's Adversaries Through Sanctions Act (CAATSA)** - India's plans to acquire the Russian S-400 missile system.
 - July 2018 - [US Congress exempts India, Vietnam, & Indonesia from sanctions under CAATSA](#) on Russian weaponry purchases.
- In the past year, more than 30 key administration officials have quit or have been sacked — they have had to deal with three National Security Advisers, two Chiefs of Staff, as well as two Secretaries of State as interlocutors.
- "2+2" dialogue (Foreign and Commerce ministers) - **Postponed to Sept. 2018.**

Pratap Bhanu Mehta - Trump's Disruptions (June 2018)

Trump's disruptions signify three mutually reinforcing trends.

- i. Signalled "end of the west" as a coherent ideological and geo-political entity by disrupting the G-7.
- ii. Making it clear that America does not want to sustain Pax Americana. It is not willing to pay the price for it in terms of troops or financial commitments.
- iii. Putting America first, and in rhetoric, rolling back on post-Cold War globalisation.
 - There is surprise that it is Trump not China that is disrupting the global trading order. Growing inequality, wage stagnation and deindustrialisation is being blamed on globalisation.

Alyssa Ayres (July 2018): (**Context:** Tariff retaliation, CAATSA sanctions Russian S-400, JCPOA Iran sanctions impact on India's Oil trade and Chabahar, postponement of 2+2 dialogue for third time) Put simply, the Trump foreign policy can zero in on an arbitrarily-chosen economic metric, fixate on it, and no strategic concern or history of alliance strength can compensate.

Ashley Tellis (July 2018): In U.S.' zeal to mount frontal assault on Iran, India has become an inadvertent casualty.

On PM Modi's informal summits with China and Russia:

- A tactical adjustment, partly in the context of India's own electoral calendar (cannot afford new crises on his frontiers). Furthermore, India has a traditional relationship with Russia that it cannot jettison in a hurry. Nor can it afford to have a deeply confrontational relationship with China either.
- I don't think India has made any fundamental strategic shift against the United States. Polygamous strategic partnerships have been the norm since the Cold War and will be the norm going forward.

Samir Saran - India-US relationship: Is the top-down structure sustainable? (July 2018)

It is time to enquire if the US can continue to unilaterally set the priorities for this relationship — and strong-arm India into accommodating its preferred posture on key issues such as **Pakistan and Iran**.

- The fact is that India's economic growth will see its GDP surpass the US before the middle of this century on real terms and well before in PPP terms.
- This reality implies that New Delhi will increasingly set its own priorities and will retain independent beneficial relationships with countries like Iran and chart its own course with its neighbours.

How will the US establishment come to terms with the fact that for the better part of the 21st century, India will be the larger economic partner? More importantly, has Delhi realised the potential and consequences of this shift?

C Raja Mohan: India and Trump's world (July 2018)

Context: Trump's outburst against EU, NATO, G7, accusing Germany of being "totally controlled by Russia", undermining the so-called special relationship between America and Britain, determined to enhance the engagement with Putin's Russia

- India will need a more transactional — a pejorative word in India's diplomatic lexicon — approach to deal with the Trump effect. Claiming that it is "WTO compliant" is a poor strategy when the big boys are changing the trading rules. Delhi needs a flexible negotiating strategy founded in a more ambitious internal reform agenda.
- In Trump's world, the contradictions within the West are becoming sharper than ever before. Obsession with "strategic autonomy" makes little sense when the post-War geopolitical categories are breaking down. As in the economic domain, so in the political, India's diplomatic emphasis must be transactional.
- Delhi must avoid conflict with the powers with which it has serious disputes. It also needs to lift self-imposed limits on security cooperation with the powers that are ready to boost India's material power. In these troubled times, transactional diplomacy, and not political posturing, holds the key to achieving India's ambitious national goals.

Richard Verma and N Menon Rao report on US-India relations - Joshua White summarizes the contents of the report (Jan. 2018):

- (a) "Strategic Advantage Initiative" focused on bolstering India's defense capabilities in the Indo-Pacific.
- (b) Creating a U.S.-India Indo-Pacific HADR cell to "plan and jointly train for coordinated response to natural disasters in the Indian Ocean region."
- (c) Encourages India to improve its defense procurement process, and its sometimes myopic rubric for evaluating overall cost. (U.S. defense companies highlight that U.S. systems often provide the best value over the lifetime of a system.)
- (d) Finally, the report recommends a "joint defense implementation agreement." An umbrella arrangement that bundles a number of specific and often technical cooperative agreements.

Russia question in India-US relations (Context: India negotiating for Russian S-400 missile system and US CAATSA)

The Russia question continues to vex the foreign policy establishment in both countries.

- While India's dependence on Russia for defence products reduces, the fact is that it will remain a key security partner for many years to come. At the same time, Moscow will increasingly become an important actor for India's political, connectivity and energy projects in Eurasia. To sustain a long-term India-US partnership, it is now time for both countries to adopt a mutually accommodative position on Russia.

- The US, for its part, must be flexible and account for the important role Russia plays in India's security objectives. New Delhi, on the other hand, must invest diplomatic energy in convincing Washington to shed its cold war mentality towards Moscow and embrace an 'entente cordiale' with this superpower, especially as both countries begin to recalibrate their approach to China. Neither India nor the US would benefit from Russia being in the Chinese corner.

Jeff Smith (June 2018)

- India should be encouraged to continue weaning itself off Russian hardware. But no credible expert thinks it's reasonable to demand that India halt defense trade with Russia immediately and indefinitely. None believes India could do so without seriously undermining its national security.
- At a time Delhi and Moscow have grown increasingly estranged, Russia would like nothing more than to drive a wedge between the two democracies.

Indo-Pacific and Quad

United States, India, Japan, and Australia (or “Quad”) form the four members of the Quad.

Historical background of 'QUAD'

- The four countries collectively launched ad hoc operations to provide relief following the devastating Indian Ocean tsunami in 2004.
- In Manila in 2007, the PMs of India, Japan, and Australia met with the then U.S. Vice President Dick Cheney on the sidelines of the ASEAN Regional Forum, marking the first Quadrilateral summit.
- Later in 2007, the four countries along with Singapore held a large multilateral naval exercise, the Exercise Malabar, in the Bay of Bengal. China, which saw the exercises as part of a containment strategy, registered diplomatic protests with all four capitals.

Beijing’s expression of displeasure had an immediate effect.

- In early 2008, the new government of Kevin Rudd in Australia made it clear that it would not participate in future quadrilateral activities, apparently in deference to Chinese sensitivities.
- Further, the fall of Japanese PM Shinzo Abe (who was seen as the progenitor of the concept), the end of George W. Bush’s presidential tenure, and opposition from Indian PM Manmohan Singh’s political allies, seemed to doom the idea of the Quad.

Late in 2012, in an influential article outlining his vision for '[Asia's Democratic Security Diamond](#)', Abe argued that peace, stability and freedom of navigation in the Pacific are inseparable from peace, stability and freedom of navigation in the Indian Ocean, and called for the four powers to work together.

PM Abe wrote: "*I envisage a strategy whereby Australia, India, Japan, and the US state of Hawaii form a diamond to safeguard the maritime commons stretching from the Indian Ocean region to the western Pacific.*"

Quad 2.0 - First official meeting (Joint Secretary Level) in November 2017

[MEA official statement](#) on India-Australia-Japan-U.S. Consultations on Indo-Pacific (November 12, 2017)
 Officials agreed that a free, open, prosperous and inclusive Indo-Pacific region serves the long-term interests of all countries in the region and of the world at large. The officials also exchanged views on addressing common challenges of terrorism and proliferation linkages impacting the region as well as on enhancing connectivity.

From an Indian perspective, it appears a natural evolution of our ‘Look/Act East policy’ as an increasingly larger share of our GDP is accounted for by external trade of which a growing proportion traverses through this region.

Dhruva Jaishankar explains the term ‘Indo-Pacific’ (Dec. 2017)

- In a speech delivered in August 2007 by Japanese Prime Minister Shinzo Abe to the Indian Parliament, he alluded to a book by the Mughal prince **Dara Shikoh** in describing the “dynamic coupling” of the Indian and Pacific oceans as the “confluence of the two seas.”
- **C Raja Mohan**, in his book 2012 **Samudra Manthan**, argued that “the seas of the western Pacific and the Indian Ocean must be seen as a single integrated geopolitical theater, the ‘Indo-Pacific’.”

What **geography** is covered by the Indo-Pacific concept?

- From “the eastern shores of Africa to the western shores of the United States” is a more coherent construct because India’s security cannot be compartmentalised into an eastern and western flank.

What does the term 'Indo-Pacific' imply?

- i. It implies that the Indian and Pacific Oceans are a single, shared strategic space. What happens in one, has implications in the other. Thus the militarisation of the South China Sea directly affects India, just as developments in the Indian Ocean have immediate consequences for Japan or the US.
- ii. It suggests that **geopolitical competition in the broader region will play out primarily in the maritime domain**. By defining the region by its oceans, rather than by any continental features (e.g. Asia), it automatically elevates the maritime element of our way of thinking about the region. For India, this means thinking more seriously about maritime trade, the blue economy, and naval requirements and capabilities.
- iii. The use of the term Indo-Pacific implicitly acknowledges India’s central role in regional security and commercial dynamics.

Chinese acquisitions in IOR (March 2018): "acquired Gwadar for 40 yrs, Piraeus for 35 yrs, Djibouti port for 10 yrs, Hambantota for 99 years, 20% of Cambodia’s coastline for 99 yrs, the Maldives’ Feydhoo Finolhu for 50 yrs, Beijing’s pressuring Myanmar to lease the Kyaukpyu port for 99 yrs."

ISLANDS AS GAME CHANGERS IN THE INDIAN OCEAN - Sri Lanka, Maldives, Mauritius, Seychelles, Andaman and Nicobar Islands, The Cocos (Keeling) Islands (an Australian external territory), Socotra (at the mouth of the Gulf of Aden just past the Bab el Mandeb), Madagascar, Diego Garcia, La Réunion.

Andrew Shearer (Former Australian NSA to PM John Howard and Tony Abbott) - Quad redux: A new agenda for Asia's maritime democracies (Nov. 2017)

One of the problems with quadrilateral structures is that it can be hard to maintain a sufficiently strong alignment of strategic perspectives and priorities to offset countervailing pressure from Beijing, particularly in light of each country’s substantial economic and other interests in China, not to mention inevitable changes of government and foreign policy emphasis in each capital.

Until recently, New Delhi was hesitant about resuming the Quad. Its professed reason was concern that Australia may once again let the side down, although this was probably more an excuse than a reason: India has to manage its own complicated relationship with China and was likely wary of adding an extra irritant to the mix by coming out in support of the Quad.

C Raja Mohan (30/10/2017)

The fear of China’s growing unilateralism drives Asian nations to reduce the regional imbalance by banding together. But the attractions of doing business with China and the dangers of provoking it limit the impulses for collective action against Beijing.

There is no doubt that the construction of quad will face many challenges, given the deep divisions in all countries on how best to deal with China. There will be differences on setting priorities and allocating resources.

None of the four countries are interested in containment. In fact, the US, Japan and Australia have much deeper economic and political ties with China than India.

C Raja Mohan (30/10/2017): Japan's plans to draw in UK, France into its alliance with India, Australia and the US will reinforce New Delhi's partnerships in Europe.

Both France and Britain have military presence and security arrangements in the Indian Ocean.

- France has many military facilities in the Indo-Pacific, including those in Reunion, Djibouti and the UAE.
- Britain continues to control Diego Garcia. It also leads the Five Power Defence Arrangement (involving Singapore, Malaysia, Australia and New Zealand) set up in 1971.

To be more effective in the vast littoral, India needs to intensify the exchange of maritime intelligence, negotiate agreements to share naval infrastructure facilities in the littoral and put in place logistical support arrangements with its European partners. Japan's plans to bring France and Britain on board the quad can only reinforce India's maritime partnerships with Europe.

C Raja Mohan (Nov. 2017) - A rediscovery of non-alignment

The quad comes amidst the growing Chinese unilateralism in Asia. India did much the same when it sought to hedge against America's unipolar moment by forming a political triad with Russia and China that later became the BRICS to include Brazil and South Africa.

If the explicit purpose of the triad was to promote a "multipolar world", the quad has the big task of preventing the emergence of a "unipolar Asia" dominated by China. But compared to the BRICS, which convenes annual summits and makes such big moves as creating new international financial institutions, the quad has a long way to go.

That India is open to both the quad and triad suggests not the construction of new alliances, but Delhi's return to the original conception of non-alignment. The persistent Indian anxieties on the quad reflect the entrenched political distrust of America that expresses itself on any issue involving partnership with the US — whether it was the multilateral nuclear initiative, mini-lateral regional coordination through the quad, or the bilateral defence framework.

If the quad helps India improve its ability to defeat terrorism, improve regional connectivity and extend its naval reach, Delhi is not going to thumb its nose. If China is ready to cooperate on terrorism and stop blocking India's rise, Delhi will be happy explore the multiple possibilities with Beijing. If this is not non-alignment we really don't know what is.

Amb. Kanwal Sibal: "raise the Quad dialogue to political level, intensify naval exercise with Australia bilaterally and make the Quad Malabar a reality".

C Raja Mohan: If India discards its military isolationism, develops productive defence diplomacy, and embarks upon deeper security cooperation with its partners through bilateral, minilateral and multilateral mechanisms, the "quad talk" might generate a lot less heat than it does today.

Shyam Saran: The Quadrilateral: Is it an alliance or an alignment? (Nov. 2017) - Given its history, India will have to remain watchful but at the same time not lose an opportunity to leverage the forum to advance its interests.

The first meeting in Manila has been at the joint secretary level which points to a preference for gradual and measured evolution. There is every possibility, especially with Trump as US President, that this

second edition of the quad may once again fall prey to tactical considerations if the pay-off from the Chinese is significant, say in commercial terms or, once again, in seeking Chinese help in restraining North Korea's nuclear ambitions.

India will have to remain watchful but at the same time not lose an opportunity to leverage the forum to advance its interests. India has the opportunity to shape the regional security architecture through its role in the quad not as an ally but as a partner. The objective must remain the creation of a multi-polar Asia with multilateral processes to assure mutual security to all stake-holders.

C. Raja Mohan , Rory Medcalf , Bruno Tertrais - New Indo-Pacific axis (India, France and Australia)

(May 2018)

Australia's 2017 Foreign Policy White Paper + French President Emmanuel Macron in a far-reaching speech (2nd May 2018) at a naval base in Sydney said that what he termed "the Paris-Delhi-Canberra axis" should become an established regional structure, reflecting an Indo-Pacific "geo-strategic reality in the making".

Between their island territories — France's Reunion and Mayotte, Australia's Cocos and Christmas Islands and India's Andaman and Nicobar Islands — they possess a triangle of some of the most strategic maritime surveillance real estate in the Indian Ocean.

As President Macron said in Australia, it is in everyone's interests for other countries to form "a partnership of equals" with China, informed by principles such as freedom of navigation and overflight and the independence of all nations. This is not about rejecting China's rise but about engaging it in a system of rules and mutual respect.

Some of the recent initiatives by India:

- Strengthening of India's own tri-services command - Andaman and Nicobar Command (ANC)
- Seychelles - Assumption Island,
- Mauritius - Aga Lega island
- Oman - Duqm Port - MoU on military cooperation. According to Oman News Agency, it envisages the services of Duqm Port and dry-dock for maintenance for Indian military vessels.
- Sabang Port of Indonesia - "Indonesia has agreed to give India economic and military access to the **strategic island of Sabang at the northern tip of Sumatra and close to the Malacca Strait.**" Minister Luhut: "India and Indonesia relations are important to the balance of power in Asia."
- Defence logistics agreement with France, just like the LEMOA with the United States.
 - French presence:
 - France's military presence in Abu Dhabi and Djibouti gives it critical access to two major chokepoints, the Strait of Hormuz and Bab-el-Mandeb.
 - France also has an extensive EEZ in the Mozambique Channel (generated by its scattered islands), expanding its reach and access to the eastern coast of Africa.
 - Réunion Island
 - Indian ships and naval assets can now move across from the Pacific to Singapore, Andamans, Diego Garcia, Mauritius, Seychelles, and Djibouti, onwards to Oman

Shangri La Dialogue, PM Modi Keynote speech (June 2018)

Rory Medcalf (June 2018): Many Belts, Many Roads at the Shangri-La Dialogue

- A long game is unfolding in the region, with variants of the Indo-Pacific idea now being unfurled to contest the China-centric geo-economic and strategic narrative of One Belt and One Road. There is not, and should not be, a single Indo-Pacific doctrine, for this is a region made for multipolarity.

The Indo-Pacific will be a place of many belts and many roads.

Ian Hall (June 2018): Modi plays by the “rules” at Shangri-La

- The vision of the “rules-based order” he articulated was a patchwork of post-1945 laws and norms. At its core lie the norms of sovereignty, sovereign equality, non-intervention and non-interference, and respect for territorial integrity, as laid out in the UN Charter and reaffirmed in ... “Panchsheel”, first agreed between China and India in 1954.

Dhruva Jaishankar (June 2018): India and the Indo-Pacific balance at Shangri-La

- Modi clarified that for India the Indo-Pacific was neither a strategy nor an exclusive club. He described it as a “natural region” ranging “from the shores of Africa to that of the Americas” and argued that it should be “free, open, and inclusive”; grounded in “rules and norms...based on the consent of all, not on the power of the few”; and characterised by respect for international law, including on the issue of freedom of navigation and overflight.
- Modi’s veiled message was directed at China, and reflected a more widespread concern about how Beijing is wielding its economic and military muscle.
- The Indo-Pacific is a multipolar region that is increasingly contesting the notion of one state’s potential hegemony.

Zorawar Daulet Singh (June 2018)

Four themes:

- i. The central theme was that at a time when the world is facing power shifts, uncertainty and competition over geopolitical ideas and political models, India would project itself as an independent power and actor across Asia. “Our friendships are not alliances of containment”; “when nations stand on the side of principles, not behind one power or the other, they earn the respect of the world and a voice in international affairs”; “strategic autonomy”. In essence meaning - India has become too big to be part of any political-military camp.
- ii. India’s role in the vast Indo-Pacific is no longer envisaged as a China-centric one. “India’s own engagement in the Indo-Pacific Region — from the shores of Africa to that of the Americas — will be inclusive... That is the foundation of our civilisational ethos — of pluralism, co-existence, openness and dialogue. The ideals of democracy that define us as a nation also shape the way we engage the world.”
- iii. “Common rules-based”, “rules and norms should be based on the consent of all, not on the power of the few”. Meaning, India’s approach to the region is not going to be a hands-off policy or one devoid of norms.
- iv. “Asia of rivalry will hold us all back. Asia of cooperation will shape this century. So, each nation must ask itself: Are its choices building a more united world, or forcing new divisions?” India not going to choose “one side of a divide or the other”. In a way urging both the US and China to manage their rivalry.

After drifting towards the U.S. for the past decade, Delhi is rediscovering a posture and policy for a multipolar world. India’s foreign policy is likely to be driven by a dual attention to the balance of power and order building in the continental and maritime environment around the subcontinent.

Shyam Saran: Quad can be the anchor for the Indo-Pacific region (June 2018)

A reference to “**ASEAN centrality**” is important because of the perception lately that ASEAN has already been rendered irrelevant by Chinese power, and that ASEAN centrality is a myth.

- Southeast Asian countries do not wish to be caught in a crossfire between the US and China, or China and India. But their wariness about China is patent.
- Reasserting ASEAN centrality is an implicit rejection of Chinese claim to centrality. In that sense, the acceptance of ASEAN centrality gives the Quadrilateral more credibility and legitimacy in the region and makes it easier for ASEAN countries to accept the Indo-Pacific construct.
- That Indonesia, as the largest country in ASEAN, has signed on to the concept will make it easier for other member countries to accept it. This is potentially an important development.

Where does the “Quadrilateral”, or the Quad, fit into the Indo-Pacific construct?

- **Quad is the anchor for the Indo-Pacific.**

The unpredictability and uncertainty unleashed by the Trump presidency has adversely affected the prospects for the Quad. As the most powerful of the Quad countries, the US would have to play a leading role in any Indo-Pacific strategy, but it is unclear whether the US will even maintain its forward presence in the region. As a consequence, each of the countries in the group, including India, is engaged in hedging its bets.

India has maintained various circles of engagement such as the Quad, ASEAN, BRICS, BIMSTEC and now SCO and a number of trilateral fora. These give Indian foreign policy a degree of flexibility and room for manoeuvre vis-à-vis major powers and enhance its strategic autonomy. In this period of multiple transitions this may be the best course to follow, but it is the Quad which may eventually emerge as the critical instrument to manage the China challenge.

Dr **Manpreet Sethi** contends that China's behaviour will ultimately determine the future trajectory of the Indo-Pacific and the Quad.

Takenori Horimoto, a leading Japanese scholar of IR, contends that it is apparently indispensable to maintain a two-sided strategy of engagement and hedging vis-à-vis China into the foreseeable future.

India-Afghanistan Relations

Prof. Harsh Pant (Book: India's Afghan Muddle (2014) and **Amb. Rajiv Sikri** (Book: Challenge and Strategy Rethinking India's Foreign Policy)

As the base from which over the centuries foreign invaders launched attacks into India, Afghanistan was always vital for India's security. Successive rulers of northern India have sought to exercise control over eastern and southern Afghanistan. After 1947, Afghanistan and India have been naturally drawn closer together by the shared inimical relationship with Pakistan.

India has a strong interest in ensuring that Afghanistan remains sovereign, stable and united and free from outside influence. As long as there is an antagonistic India–Pakistan relationship, India would not want Afghanistan to come under Pakistan's exclusive sphere of influence. That is why the revival of the Taliban remains a matter of deep concern for India.

India entered into a **strategic partnership agreement** with Afghanistan in October, 2011.

- assistance to help rebuild Afghanistan's infrastructure and institutions,
- education and technical assistance to re-build indigenous Afghan capacity in different areas,
- encouraging investment in Afghanistan's natural resources,
- providing duty free access to the Indian market for Afghanistan's exports,
- support for an **Afghan-led, Afghan-owned**, broad-based and inclusive process of peace and reconciliation, and
- advocating the need for a sustained and long-term commitment to Afghanistan by the international community.
- **Security** - expansive bilateral military cooperation, including the transfer of military equipment.

What are India's interests in Afghanistan?

- Taliban a religious extremist, obscurantist, sponsoring terrorism. We don't want Afghanistan to become the next Syria as it affects security in the subcontinent.
- In 1980s, as a result of the situation in Afghanistan --> Spill over in Kashmir, drug problem in Punjab.
- Theologically Al-Qaeda and Taliban had symbiotic relationship, to wage a global jihad.
- Pakistan wants political control in Afghanistan and use its extremist elements against India and specifically in Kashmir.
- Geostrategically, Afghanistan should be our natural ally (Kautilya's *Mandala theory*, Pakistan).
- Afghanistan as a route to connect to Central Asia.
- Long historical, cultural ties with the region.

India has provided over USD 2 billion of development assistance to Afghanistan since 2001:

- Newly built Afghan Parliament
- **Salma irrigation and electricity project** (aka India-Afghanistan Friendship Dam)
- Stor palace
- Zaranj-Delaram highway to Iran
- Afghan diplomats, administrators and soldiers are sent to India for professional training
- Kabul's biggest children's hospital and medical missions in their major cities
- Kabul's most prestigious high school,
- Transmission lines that light up Kabul and the buses that ferry commuters in the capital

Trump's Afghanistan Policy (South Asia Policy) (Announced in August 2017)

Three fundamental conclusions about **America's core interests in Afghanistan**:

- i. An honorable and enduring outcome worthy of the tremendous sacrifices that have been made deserve a plan for victory.
- ii. The consequences of a rapid exit are both predictable and unacceptable.
 - A hasty withdrawal would create a vacuum that terrorists, including ISIS and al Qaeda, would instantly fill.
 - Micromanagement from Washington, D.C. does not win battles.
- iii. Immense Security threats we face in Afghanistan and the broader region.
 - Pakistan often gives safe haven to agents of chaos, violence, and terror. The threat is worse because Pakistan and India are two nuclear-armed states.

What's the American strategy in Afghanistan and South Asia?

- i. Shift from a time-based approach to one based on **conditions**.
 - We will not talk about numbers of troops or our plans for further military activities.
- ii. Integration of all instruments of American power -- diplomatic, economic, and military -- toward a successful outcome.
 - We are a partner and a friend, but we will not dictate to the Afghan people how to live, or how to govern their own complex society. **We are not nation-building again. We are killing terrorists.**
- iii. To change the approach we deal with **Pakistan**.
 - We can no longer be silent about Pakistan's safe havens for terrorist organizations, the Taliban, and other groups that pose a threat to the region and beyond.
- iv. To further develop its strategic partnership with **India**.
 - We appreciate India's important contributions to stability in Afghanistan, but India makes billions of dollars in trade with the United States, and we want them to help us more with Afghanistan, especially in the area of economic assistance and development. We are committed to pursuing our shared objectives for peace and security in South Asia and the broader Indo-Pacific region.

However, **our commitment is not unlimited, and our support is not a blank cheque**. The government of Afghanistan must carry their share of the military, political, and economic burden.

Stephen M Walt (July 2018) - The war has cost the US

- More than 1 trillion dollars,
- Still costing some \$45 billion per year.
- More than 2,400 U.S. soldiers have been killed and thousands more wounded

Zalmay Khalilzad (Former US Amb. to Afg. 2003-05): President must be ready for Pakistan to resist and test his resolve. Pakistan's security apparatus will try to prove that the United States cannot succeed without cooperating on Islamabad's terms.

- The US should impose sanctions against senior officials in the Pakistani military and intelligence services who play a direct role in supporting terrorists and extremists. (These sanctions should include bans on travel to the US and allied countries, and the freezing of bank accounts.)
- Washington should also suspend all American aid to Pakistan and use its influence with the World Bank and the IMF to do the same.
- It should begin a security assessment that would put Pakistan on the list of states that sponsor terrorist groups.
- Finally, the US should conduct strikes against terrorist hide-outs in Pakistan.

C Raja Mohan: While defiance marks Rawalpindi's public posture, its private approach might well be defined by pretended deference, claims of victimhood, protests against abandonment and obfuscation on supporting terror.

While recognising the potential shadow between Trump's words and deeds, Delhi must bet on its own activism that can influence future outcomes in Afghanistan.

Hussain Haqqani - To Win Afghanistan, Get Tough on Pakistan - Way forward for Trump Admin.

- Consider taking away Pakistan's status as a "major non-NATO ally", which would limit its priority access to American military technology.
- Aid to Pakistan should be linked to a sequence and timeline for specific actions against Taliban leaders.
- Sanctions against individuals and institutions involved in facilitating Pakistan-based Taliban leaders and pursuing Taliban reconciliation talks without depending on Pakistan could be other measures signaling a firmer US stance.
- Moving away from an incentive-based approach would not be punishing Pakistan. The US would be acting as a friend, helping Pakistan realize through tough measures that the gravest threat to its future comes from religious extremism it is fostering in its effort to compete with India.

Steve Coll, NYT - We Can't Win in Afghanistan Because We Don't Know Why We're There (Jan. 2018)

Causes of the current situation: opium, corruption, ethnic factionalism and, above all, the support and sanctuary provided to the Taliban by Pakistan, through the ISI.

Prof. A K Pasha on US interests in Afghanistan - US has other agenda as well on China, Russia and Iran through its presence in Afghanistan, and not just in defeating Taliban.

Afghanistan is endowed with natural resources — copper, iron ore, lithium, and other precious minerals — and has **some \$3 trillion worth of minerals**, though it lacks the necessary investment and technical know-how, required transportation network to export these resources etc.

Criticism of Trump's Policy

- **Shiv Shankar Menon:** You cannot think of a **regional** approach to a settlement or improving the Afghan situation **without Iran, without Russia**. If the idea is regional solution, which India is ready, has always been ready to work with others to try and stabilise Afghanistan and defeat terrorism coming out of and in Afghanistan, then it has to include everybody and that was a big hole in this policy.
- **Vivek Katju** - As the old saying goes, "hard words break no bones". Unless some bones are broken the Pakistani tail will continue to wag the American dog. After all, it has done so for almost seven decades.

Resurgence of Taliban

Vivek Katju - It is in India's strategic interest to engage Afghan insurgents

- One factor central to the Afghan situation will remain the same. This is Pakistan's desire to control any Afghan government's choices that it considers impacts its interests — central to this is Afghanistan's India policies. Pakistan hopes an Islamist government in Afghanistan, like the Taliban from 1996-2001, will keep India out.
- However, some Taliban elements seem keen to open a channel with India. **It would not be inconsistent with India's Afghan interests if quiet contacts are maintained with the Taliban.** It would neither confer legitimacy on the Taliban, nor erode that of the Afghan government.

- But the Taliban reluctance to seriously engage with Afghan authorities is maintained by their success in keeping terrorist insurgency going, with Pakistani support. That is not going to change unless the Trump administration is willing to send troops along the Durand Line. Without such decisive steps, Trump's policy will fail to impact the Afghan situation. Does he have the stomach for them? Unlikely. Indian policymakers should take note.
- Pakistan will handle US pressures with Chinese help — it knows US manoeuvering space over Afghanistan is severely limited. China is cautious. It has maintained contacts with the Taliban and is part of both the US and Russia-led process. Iran will be in the Russian camp on Afghanistan.

On Russian and Iranian backing of Taliban

- **Russia is asserting that the ISIS is the real danger for Afghanistan.** As a corollary, it wants the Taliban's co-option in Afghan power structures. That is what the West, including the Americans, has also desired.
- With Russia and Iran now not only in touch with the Taliban but also believed to be extending support, it has no incentive to change course. Notwithstanding its denials, Pakistan has the capacity to pressure them, but the price it wants of the NUG is to have a veto over Afghanistan's India policy. This the NUG cannot give. There is thus no end in sight for Afghanistan's troubles.

What are Russian concerns in Afghanistan?

- **Russia** have the **deep seated suspicion** that US may actually once again start manipulating the extremist Islamists as they did in 1980s of the 'Mujahideen' and the Taliban (this time the Islamic State, Chechnya rebels) and use that instrument to destabilize Central Asia and with the spillover effects on Russia. However, until now Russians were not taking any serious political steps and were focussed primarily on the drug-trafficking.

Hussain Haqqani - Negotiating a peaceful settlement with the Taliban also remains desirable, but it is important to remember the difficulties 21st century negotiators face while seeking compromise with 7th century mind-sets.

Feb. 2018 - Ghani's peace package for Taliban - Offers party status to Taliban insurgents in return for recognition of Constitution.

- Ghani's peace package unveiled at a peace conference in Kabul includes a ceasefire, release of prisoners, the promise to recognise the Taliban as a legitimate political force, a review of the constitution, and a transition to a new order guaranteed by the international community.
- By offering unconditional talks, Kabul may be suggesting that the political structure set up after the Taliban was ousted from power at the end of 2001 is now up for renegotiation.
- Meanwhile the **Taliban** persists in its refusal to engage the government in Kabul, which it considers illegitimate. The Taliban has offered to talk to the United States, instead, about the timelines for the withdrawal of American troops.
- **Vivek Katju** (March 2018): While continuing with its support to the NUG India must not overlook Ghani's inherent desire to make up with Pakistan. In the past he was willing to do so at some cost to Afghanistan's India relationship. The time has come to engage all elements in Afghanistan, including the Taliban (we cannot be the last man standing as in end 1990s and suffer situations like the Indian Airlines flight 814 hijacking in Dec. 1999). Engagement is not endorsement leave alone approval.
- **C Raja Mohan** (March 2018) - One of the most difficult moments in any war is when to bid for peace. If made from a weak position, the peace move could simply hasten defeat.

Eid/Ramzan ceasefire in Kabul (June 2018)

- If Kabul's initial move to declare ceasefire move was a surprise, the response of the Taliban has caught most observers off-guard. In a statement over the weekend, the Taliban ordered its fighters "to stop

offensive operations against Afghan forces for the first three days of Eid-al-Fitr". The Taliban had added two caveats. The Taliban will defend itself if under attack and the ceasefire does not apply to foreign forces in Afghanistan.

- First time the Taliban has ever announced a ceasefire.

However, deadly terror attacks in Afghanistan have continued in July and August 2018. The latest being the Ghazni attack in August 2018.

Impact of the U.S. withdrawal from the JCPOA for Afghanistan?

C Christine Fair on India, Afghanistan, and Iran (June 2018)

- The most important barrier is geography. We are still nearly completely dependent upon Pakistani air space and ground lines of communication (GLOCs).
- The Northern Distribution Network [NDN, an alternate supply route pressed into service in 2011] was always a fiasco—you need only look at a map to see why. It was never used for anything substantive with the exception of fuel. The Russians were always clear that it could not be used for anything lethal, which is a problem if you're fighting a war. So this is why, for all the bluster, the actual policy toward Pakistan has not changed and is unlikely to change.



SOURCE: US Defense Department

RICH CLABAUGH/STAFF

- With the U.S. withdrawal from the JCPOA we not only have lost an important opportunity to develop an alternate route which would benefit American interests in Afghanistan, but we have also jeopardized the **viability of Chabahar itself**, which will harm Afghanistan's economic interests over the long term. The port is not itself an asset of interest. Without the system of commercial activity, the port itself is useless as no

one will send their cargo to that port. A good example of a port that is not being used is the Chinese-built deep sea port in Gwadar (Pakistan).



- Why Chabahar is important for Afghanistan?
 - Because Afghanistan is completely dependent on Pakistan for imports and exports. Afghanistan has no other cost-effective access to warm water. For Afghanistan to be able to pursue its own independent foreign policy, it needs access to Chabahar.
- The geography of Afghanistan is not going to change—there are two easy ways into Afghanistan: Pakistan or Iran. If the United States wants to increase the odds of helping to forge an Afghanistan that can stand up to Pakistan, the United States needs to realize that Iran is a better bet than Pakistan.

The Iran policy pursued by the Trump regime is not driven principally by U.S. security interests. Instead, Trump is pursuing Israel's interests as a part of his fervent appeals to the American evangelical voter.

Afghan parliamentary election, 2018

Last Presidential elections were held in 2014 in Afghanistan.

- After a protracted electoral process for two rounds of elections and UN mediated audit process, a Political Agreement was signed between two leading contenders – Dr Ashraf Ghani and Dr Abdullah Abdullah which led to the formation of National Unity Government (**NUG**), inaugurated on 29 September 2014.
- Differences between President Ghani and Chief Executive Abdullah have paralyzed governance.
 - The understanding was that within two years, by September 2016, the constitution would be suitably amended to convert the chief executive's position into that of a prime minister, and executive power would be shared. This needed fresh parliamentary elections, which could not be held in 2016.
- Kabul has been losing control over provincial governments.
- Resurgence of Taliban, Corruption, inefficient governance etc. have been putting a lot of pressure on the Kabul government.

Parliamentary elections as of now have been postponed to **October 2018**. Much of the prelude to the election has focused on the debate over reforming Afghanistan's electoral laws. The current system is one of single non-transferable vote.

Prospects of India-China cooperation in Afghanistan

China's key interest lies in stability of its **Xinjiang** region.

- Jan. 2018 - China will fund construction of an Afghan counterterrorism base in Badakshan province to block cross-border infiltration of the ethnic **Uyghur militants**.

Wuhan Summit - Proposal for “a joint economic project” in Afghanistan (May 2018)

The agreement to work jointly on economic projects in Afghanistan has been interpreted as Beijing's message to Islamabad that China "approves" India's positive role in stabilizing Afghanistan, a fact already recognized by the Trump administration in its new Afghan policy.

Prof. Roderick MacFarquhar (May 2018) on India-China "joint economic project" in Afghanistan says that the idea must have come from the Indians. India knows that if its Afghanistan projects are undertaken by the Indians alone, then the Taliban, supported by Pakistani military, will mount attacks. The Taliban would not attack joint China-India projects, for the Pakistanis would not allow that to happen. Pakistan is simply too indebted to China.

Amb. Shyam Saran: There may be a shared interest in stabilising Afghanistan and in confronting international terrorism even if Pakistan is kept out of the cross-hairs.

The prospect of India and China working together on a joint project in Afghanistan blunts India's declared opposition to China's BRI even as Pakistani concerns about Indian influence in Kabul go ignored.

Ankit Panda (May 2018): The geopolitical incentives for India and China in Afghanistan generally align; Beijing and New Delhi both would welcome a stable and strong central government in Kabul. Even as China maintains its so-called all-weather partnership with Pakistan, where the military has seen the emergence of a strong central government in Kabul as antithetical to its interests, Beijing's interests in stability—and unlocking Afghanistan's economic promise—will trump its commitments to Pakistan.

Other structural challenges: Third parties—especially Pakistan and the US—will be important players.

Prof. Happymon Jacob: The proposed joint economic project in Afghanistan could be instrumental in mitigating the trust deficit between the two sides. If China can persuade Pakistan to see the utility of India-China (and potentially Pakistan) collaboration in Afghanistan, it could promote trust and cooperation all around.

More significantly, if China and India can cooperate in Afghanistan, they can certainly do so in other parts of the neighbourhood. In that sense, then, India, instead of being agitated about Chinese 'encroachments' into its traditional sphere of influence, should consider joint India-China projects in the region.

Prof. Harsh Pant: If operationalized, this can be a game changer for Afghanistan and regional peace.

Way Forward for India

Amb. Vivek Katju: For India, it is essential to enhance its security and intelligence cooperation with Afghanistan, continue with its general assistance programme, and also open contacts with the Taliban. The last move will not be an endorsement of the group or a weakening of its support for the Afghan government.

C Raja Mohan

While India must prepare for the possibility of the US slipping back to its old ways on Pakistan, Delhi's current emphasis must be on taking advantage of the Trump discontinuity in the American policy towards the Subcontinent. A positive Indian approach would involve **three elements — economic, security and diplomatic**.

- India must ramp up its economic diplomacy in Afghanistan to bring immediate benefits to Kabul amidst the deteriorating conditions in the country.
- Delhi must step up security cooperation with Afghanistan, especially in the training of its police and armed forces and intelligence sharing.
- On the diplomatic front, India must counter the emerging argument that Trump's new approach will intensify the "Indo-Pak rivalry" in Afghanistan and the old one that Kashmir holds the key to peace in Afghanistan.

Even as Delhi recalibrates India's economic engagement with Afghanistan, it must necessarily consider **greater security cooperation with Kabul**. The **strategic partnership agreement with Afghanistan (2011)** called for expansive bilateral military cooperation, including the transfer of military equipment.

Why No Indian Boots on Ground?

- **Shivshankar Menon:** Two risks. It risks bringing us into direct military conflict with Pakistan's proxies but even with Pakistan. Because that is one thing Pakistanis use as their excuse to justify all their bad behaviour and their support to all these terrorist groups. You don't want to go there and create more trouble by just putting boots on the ground. If it helps to stabilise the situation, if it helps to defend your interests, then it is worth it. It is something that you can consider but today I don't see a situation where it works for India.
- **Ajai Shukla** argues it would spoil the huge soft power that India has in the Afghan society.

India-China Relations

China shares a very long border with India and is the power that has the most direct impact on India's strategic space. Its recent asymmetrical accumulation of authority cannot but constrain India's exercise of strategic autonomy, an abiding objective of our foreign policy.

China's GDP (\$12 trillion) is nearly five times that of India and its defence expenditure at \$150 billion is three times larger than that of India. This huge power differential in favour of China, Beijing's growing global reach and expanding international influence mean Beijing has fewer reasons than before to accommodate India's concerns.

The India-China relationship has always been too complex to classify under a single theme. [Zorawar Dault Singh](#) writes that **Competition-cooperation-discord** is an often-evoked term typology that reflects the contradictory nature of this relationship. [Manoj Joshi](#) writes that India's relations with China involve the four C's — conflict, competition, cooperation and containment.

Amb. **Shyam Saran** in his book "*How India Sees the World*" writes that the difference in world views of both the countries presents a stark difference. He writes the following.

*Studying the Jambudvipa mandala from our ancient texts, one is struck by the fact that it does not ascribe centrality and superiority to Bharatvarsha, which is only one among the lotus petals that make up our universe. Each of the concentric circles in the mandala that radiates outwards is superior to the preceding one. This is the reverse of the Chinese world view, which sees the Han core as the most advanced, with the increasingly larger circles symbolizing the more barbaric and less civilized. India will never have a '**Middle Kingdom Complex**'. It accepts a world in which there are other dvipas or islands with their own characteristics and values.*

The old refrain that the world should move towards multi-polarity has been given up. Similarly, [Samir Saran](#) writes that, "China seeks to utilize its economic and political clout to emerge as the sole continental power and only arbiter of peace in the region. Multipolarity is good for the world, not for Asia." From [China's perspective](#), India – whether through diplomacy, coercion or force – must understand its place in a hierarchical Asian order that pays obeisance to Beijing. According to a famous Chinese adage: "One mountain cannot contain two tigers."

Enumerating key contemporary issues:

1. **Border and territorial related issues** (being talked on through Special Rep from both sides). **CPEC** passing through PoK.
 - [Past agreements](#) signed:
 - 1993: Maintenance of Peace and Tranquility Along the LAC,
 - 1996: CBMs in the Military Field Along the LAC,
 - 2005: Modalities for the Implementation of CBMs in the Military Field Along the LAC,
 - 2012: Establishment of a Working Mechanism for Consultation and Coordination on India-China Border Affairs,
 - 2013: Border Defence Cooperation Agreement
 - In 2005, in signing the **agreement** on the **Political Parameters and Guiding Principle for the Settlement of the India-China Boundary Question**, China accepted under its **Article VII** that "In reaching the boundary settlement, the two sides will safeguard due interests of their settled populations in border areas."

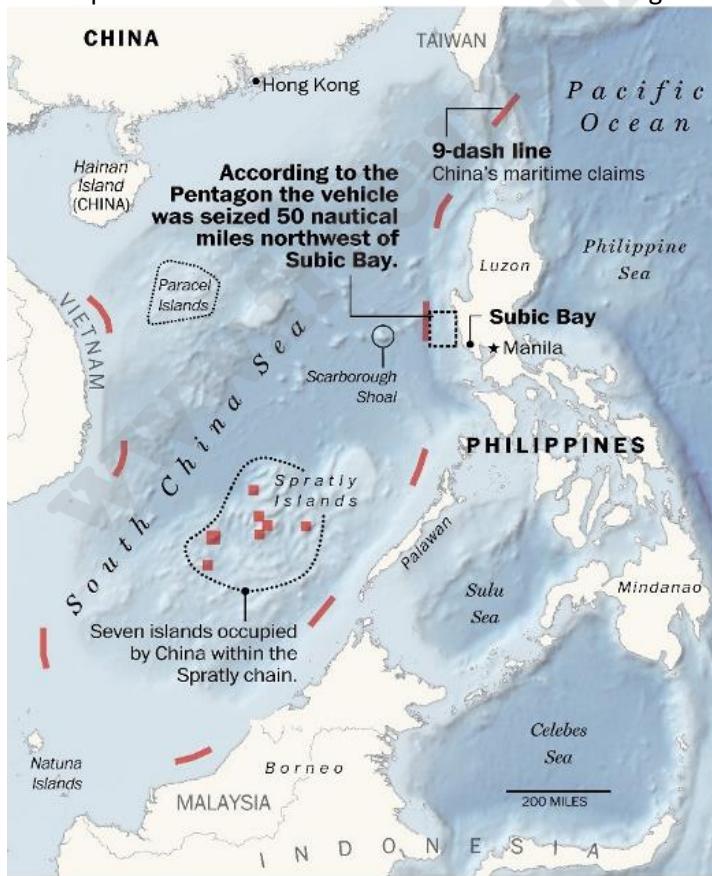
- [Zorawar Daulet Singh's article](#)
 - [Shyam Saran](#) - An Out of the Box Solution to the India-China Boundary Dispute?
 - **Chinese re-interpretation** - In 1985, the Chinese side re-interpreted the **package proposal** to convey that in order to arrive at a solution, the Indian side would have to make significant and meaningful concessions in the Eastern Sector, the largest area in dispute, for which China would make corresponding but undefined concessions in the Western Sector. In addition, for the first time, an explicit demand was made for the "restitution" of Tawang as indispensable to any boundary settlement. The **Chinese had moved the goal posts and hardened their position**, making it even less likely that a settlement could be found. This may have been due to:
 - A **growing power asymmetry** between the two countries thanks to Chinese economic reforms and support of the West.
 - **Declining strategic importance of the Aksai Chin road** since, in the meantime, the Chinese had progressed considerably in building up their transport infrastructure to and within Tibet. It was, therefore, no longer as important as before to make a concession in the East to secure Chinese interests in the West. To date, this post 1985 Chinese posture has remained unchanged.
 - To sum up, the spectrum within which a boundary settlement could realistically be sought is an LAC-plus solution at one end, and a Package Proposal without Tawang on the other. If the 'plus' on the Indian side could be made a limited Chinese territorial concession, while China could settle, for the time being, for only free access to Tawang for its pilgrims, then there could be a meeting ground somewhere in the middle of the spectrum.
 - It would seem more realistic that the two sides will settle for more CBMs to maintain peace and tranquility on the Sino-Indian border. The clarification of the LAC which the Chinese have so far resisted, after having agreed to do so earlier, could be a starting point.
 - **Amb. Ashok Kantha** - There has been an agreement since 1996 that we will arrive at a common understanding of the LAC. But in 2002, the Chinese unilaterally disrupted the process of exchange of maps, and there has been no progress in the last 15 years with regard to clarification of the LAC. I think they have reached the conclusion that clarification of the LAC is not in their interest, and they would like to maintain ambiguity with regard to LAC — partly because it gives them the space to keep moving the LAC, and partly because they are concerned that the LAC, as it is defined, may become one of the major determinants of the boundary, which they do not want to agree to at present.
 - [Wuhan Summit](#) (agreed to direct their armies to implement CBMs)
 - [Shivshankar Menon](#): I'm not sure territory is the real issue. A boundary is a useful issue to regulate the temperature of the relationship, but it's a lever.
2. **Connectivity** issues. OBOR and its geopolitical designs. CPEC passing through PoK.
 - [S Jaishankar](#): "Even on sovereignty, surely, there can be more sensitivity and understanding".
 3. **Trade Deficit/Economic:** ([Recent Chinese Economy analysis by SHYAM SARAN on RSTV](#)). Alarming **trade deficit** (from just \$1.1 billion in 2003-04 to a whopping \$51.1 billion in 2016-17). Bilateral trade at \$72 billion.
 - Flooding of lower quality goods
 - Dumping of steel

- China's '**Sanitary and Phytosanitary measures**' (regarding 'application of food safety, and animal and plant health norms') hurting Indian farm products exports.
 - Curbs on Indian **pharmaceutical** companies/products — even those having the approval of American, European and Japanese regulators.
 - study on "[Enhancing Indian Exports of Pharmaceutical products to China](#)" under the Market Access Initiative Scheme (MAI)
 - Difficulties faced by the Indian **IT/business process management sector** in getting greater market access in China.
 - SCO 2018 - Bilateral meeting of India-China: [China allows India to export non-Basmati rice](#) (June 2018)
4. China's deepening ties with **Pakistan** -
- **Terrorism**. China putting a technical hold on **Masood Azhar** case for naming him as International Terrorist under UN 1267 rules.
 - **S Jaishankar**: "as diverse and pluralistic societies, we both face threats from fundamentalist terrorism. Yet, we do not seem to be able to cooperate as effectively as we should in some critical international forums dealing with this subject."
5. [**Chinese growing economic and military penetration into South Asia and Indian Ocean countries**](#).
- Those who advocate the post-Wuhan approach believe it is important to understand the gaps in capabilities and resources between India and China; the limits of a confrontational and 'muscular' approach that antagonises neighbouring elite and only opens up space for China further; to not see this as a 'zero-sum game'. Instead, it is better to focus on India's strategic redlines and ensure they are not compromised.
 - Those who are uncomfortable with this approach believe that India may actually be losing strategic space to China in a critical neighbourhood; that it may not pose a strategic threat just yet but the important thing to look out for is capabilities and not current intentions. And if Beijing's intentions become less than benign in the future, India's options will get squeezed. Critics also believe that this approach will demoralise friends in the neighbouring capitals, show there is no cost to deepening ties with China, and weaken Indian standing and leverage further.
 - India's strategy - Improve ties but stay alert.
6. On International cooperation: Reform of **UNSC** and commitment to a **more democratic world order**.
- **S Jaishankar**: "Though we have a commitment to a more democratic world order, our actions in respect of the reform of the UNSC are in contrast to our approaches to usher in a more equitable international 'economic' order through reform of the existing multilateral institutions and our cooperation in creating new institutions such as **AIIB** and **BRICS Development Bank (NDB)**. These situations are **paradoxical** because we actually hardly differ when it comes to principles."
7. [**Access to Nuclear Energy**](#): China's opposition to India's membership of the **NSG**.
- **S Jaishankar**: Given our closer development partnership and commitment to the **BASIC** (Brazil, South Africa, India, China) group on climate change, we should be supporting each other on implementation of our Paris Agreement commitments. In India's case, predictable access to civilian nuclear energy technology is key.
8. **Water issue**: China's attempts to dam the **Brahmaputra** and alter its course for its own internal consumption.
- [**Brahma Chellany**: China's Water hegemony in Asia.](#)
 - The severe adverse impact of China's dam-building policy on the environment and on water flows to the dozen countries located downstream.

- With a further 14 dams being built or planned by China on the **Mekong** and similar projects on **Brahmaputra**, this dependence on Chinese for water crisis in Southeast and South Asia is set to deepen — at some cost to their strategic leeway and environmental security.
 - **Brahma Chellany** (Oct. 2017): China's politically motivated decision to withhold hydrological data from India amounts to an escalation of China's efforts to exploit its status as the world's hydro-hegemon to gain strategic leverage over its neighbors.
 - **Nimmi Kurian**: China's recent refusal to share hydrological data was a provocative political signalling evident in the fact that while it suspended the information-sharing agreement with India, China continued to share hydrological data on the Brahmaputra with Bangladesh.
- India pays China Rs 82 lakh annually to receive this data.**
- fears over water diversion by China
 - Nonpoint sources of water pollution
 - Cumulative impact of run-of-the-river dams have resulted in decreased sediment flows downstream. More than a million people in the Ganges-Brahmaputra Delta are likely to be affected due to decreased sediment delivery and increased sea level rise by 2050.
 - **SCO 2018** - Bilateral meeting of India-China: [China renews pact to share Brahmaputra water flow data](#) (June 2018)

South China Sea

In 2011, the **Philippines** renamed the waters as the “**West Philippine Sea**” and two years later took the territorial dispute before an international tribunal at The Hague.



Sources: U.S. Navy and Pentagon

THE WASHINGTON POST

Indonesia renames part of South China Sea: Indonesia will now refer to the northern areas of its exclusive economic zone in the South China Sea as the “**North Natuna Sea**” in an act of defiance against Beijing’s territorial ambitions in the region.

Shyam Saran on Chinese strategy in South China Sea (South-East Asia): Incrementally keep on changing, what they call ‘**the cabbage strategy**’. One layer after another you keep opening. None of the singular moves is serious enough to attract opposition but then, cumulatively, you come to a point where it has actually changed their entire security situation dramatically. It is very hard to reverse. Then you have to go to war to try and reverse it.

Doklam standoff:



- **Sikkim-Tibet-Bhutan Standoff (June 2017) Amb. R S Kalha:** The Chinese are probably hoping to drive a wedge between Bhutan and India and to break the steadfast support that each gives to the other. To recall, Bhutan was the only South Asian state that did not participate at the 14-15 May Belt and Road Forum in Beijing, along with India.
- **Srinath Raghavan (July 2017)**
 - The **Border Peace and Tranquility Agreement of 1993** formalized the two sides' commitment to maintaining status quo on the border until they arrived at a negotiated settlement.
 - **We now need a restraining pact with China.** Diplomatic history is replete, as historian **Paul Schroeder** reminds us, with such examples of managing antagonistic relations by associative means—also known as **pacta de contrahendo**. The Holy Alliance after the Napoleonic Wars stabilized Russia's relations with Austria and Prussia—countries that had been its enemies recently and that continued to compete with Russia along its periphery. The **Entente Cordiale**, similarly, helped stabilize Britain's ties with its historic enemy, France. Contrary to popular wisdom, the entente was aimed not at a rising Germany but at managing Britain's rivalry with France over colonial possessions.
- Former NSA **Shivshankar Menon** (must read interview) has observed that neither side has explored the reference in the **Border Peace and Tranquility treaty of 1993 agreement** (and subsequent statements) to the need for “**mutual and equal security**” and for **agreement on force levels**. An accord based on these principles could help arrest the downward slide on the

border and assure both sides of their core interests pending a boundary settlement. There is **need for a new modus vivendi**.

- **Zorawar Daulet Singh** - Both countries have much to lose in an armed clash and a new Cold War in the region. Hopefully, the virtues of restraint would be obvious to both Delhi and Beijing.
- **Amb. Ashok Kantha on Doklam Standoff:** China is changing the tri-junction unilaterally in violation of such agreements (China is committed through the **bilateral agreements of 1988 and 1998 with Bhutan** to respect the **status quo** and not to change the status quo unilaterally; **2012 agreement with India** on determining the tri-junction). In mountainous areas, defences are along **ridge lines (watershed principle)**. The Chinese are trying to bring down the tri-junction point to Geymochen, which is the last major ridge line between the Siliguri corridor and the Chumbi Valley, which would have hit security. Any change in the status quo will hurt Bhutan first as it will lose a very strategic territory and it will lose access to India through the Siliguri corridor. For Bhutan too there are vital strategic interests involved in any compromise.
 - **We need to question the narrative emanating from China.** The narrative is that the **boundary of the Sikkim sector** is all settled and demarcated. That is not the case as the alignment of the boundary in the Sikkim sector is basically agreed on **but there are well-known differences as far as the tri-junction points** of India, China and Bhutan are concerned.
 - There are also **differences on interpretations of the watershed boundary in northern and eastern Sikkim**. In fact, post-1962, the most serious armed skirmish was at Nathu La in eastern Sikkim in 1967 because of differences in the interpretation of the watershed boundary.
- **MEA after resolution of Doklam crisis:** We were able to express our views and convey our concerns and interests.
 - "Our **principled position** is that agreements and understandings reached on boundary issues must be scrupulously respected."
 - "Peace and tranquility in the border areas is an essential **pre-requisite** for further development of our bilateral relationship." Also reiterated points of **Astana consensus**.
- **C Raja Mohan:** Peace and tranquility on the Sino-Indian border were the consequence of a different set of circumstances — when China was integrating itself with the world. They may not survive the assertive phase in China's foreign policy.
- Beijing has perfected with its '**Three Warfares Strategy**' devised by its Central Military Commission in 2003 and refined in 2010, and involves a triad of **media war, psychological war and legal war**. In recent years, China has tried it out successfully with Philippines which gave in to Chinese domination even after winning a historic victory over China at the UNCLOS tribunal.
- **WarOnTheRocks:** China's Coercion Playbook usually involves 4 elements:
 - To develop a larger or more permanent physical presence in areas where China has already has a degree of de facto control — whether that means new islands in the South China Sea or roads in the Himalayas.
 - Coercive diplomacy
 - Legal rhetoric: In Doklam, it said that the border was delimited in 1890 and reaffirmed several times later.
 - Media war: China leverages its government-controlled media to highlight its narrative and issue threats.

C Raja Mohan (Aug. 2017): One of the consequences of power asymmetry is the pressure on the weaker power to turn to balancing strategies. Until now, India has deeply resisted walking down that road in the expectation that a reasonable accommodation of interests with China is possible. If China makes it clear

there is no room for compromises, India will have to turn to both internal and external balancing of China.

One of the unintended consequences for China from the Doklam crisis would be an India that is forced to think far more strategically about coping with China's power. For nearly a century, sentimentalism in Delhi about Asian solidarity and anti-imperialism masked the more structural contradictions with China. Beijing's approach to the Doklam crisis could well help bury those illusions.

[Samir Saran - Lessons from Doklam standoff](#) (Nov. 2017)

- i. New Delhi must, and can, stand up to China when its national interests are at stake and cleverly deployed political muscle will succeed in some instances.
- ii. Benefits of low-key diplomacy must not be underestimated. Deft and quiet diplomacy works and should be pursued as the first option.
- iii. It is both possible, and necessary, to be politically assertive with China in some cases, while co-operating on others. Until the asymmetry between India and China is bridged, every Indian government will have to walk this tightrope.
- iv. New Delhi must realise the significance of creating new normative principles to manage regional affairs to get around the asymmetry of power with its neighbour. That the US the EU and Japan have endorsed India's position on BRI underlines the importance of "norm-fare" in the years ahead as an expansionist China continues to pursue its own version of the Monroe doctrine.

Experts/Scholars Viewpoints on overall India-China relations:

[Dr. S. Jaishankar](#) (Aug. 2018)

India must be open minded and imaginative in responding to this new situation.

- On the economic front, we have to accept that China will be a major investor, but one that will require deft handling keeping in mind National Security. The trade deficit is unsustainable and the case to press for greater market access has only become stronger.
- Strategically, India can learn from China itself by leveraging the global environment to maintain and create a better balance. The border is best managed by more intensive infrastructure building and deployment of asymmetric capabilities.
- Our footprint will overlap in South Asia and beyond and India will be judged in the neighbourhood by the quality of its delivery. Nor can China's influence in the world be disregarded. We should be open to finding common ground where that is in our national interest. But all of this requires a different mindset and stronger resolve. We cannot afford the complacency of the past that oversaw the Hambantota project or ballooning trade deficit. Nor can we take comfort in the rhetoric of combativeness.

Chinese power is a fact of life. In a world of uncertainty and positioning, the two nations have a shared interest in building at least a stable relationship. That was the logic which drove the **Wuhan meeting** between PM Modi and President Xi recently.

The **long term challenge** would be in ensuring how two rising powers in close proximity accommodate each other. Remember, at the end of the day we will be the only 2 billion plus nations in the world and that has its own dynamic. This task will test the creativity of diplomacy on both sides.

[Former NSA Shivshankar Menon](#) (Nov. 2016) advocates **only 'managing ties' with China**. "With China there is a fundamental problem, and that is both India and China are negotiating with the assumption that both will have a better negotiating position in the future. And it's true: both are rising and therefore

neither side is really seeing the negotiations through. We need to look them in the eye and tell them what is important to us."

From India's point of view, it is China's silence or ambivalence about the rise of India that poses a puzzle and a challenge. While the United States has moved from opposition to India's nonalignment in the 1950s to encouraging India's rise in the twenty-first century, China has moved in the opposite direction, from professed friendship and common cause (expressed in the 1950s slogan, "Hindi-Chini Bhai-Bhai"), to the *modus vivendi* between 1988 and 2008, to the present set of Chinese actions, which constrain India's pursuit of Indian interests in the neighborhood.

The pattern of competition side by side with cooperation will likely continue to mark the relationship in the short term.

Avoiding war and attaining one's goals (main goal of transforming India) is the highest form of strategy by any tradition or book, whether the strategist is Kautilya (Chanakya), Sun Tzu, or Machiavelli.

C Raja Mohan: To be sure, Delhi is now far more conscious of the existential challenges that the power gap with Beijing generates. This awareness, however, is yet to be matched by a sense of urgency across the government. Consider the following: China has been transforming the southern tip of Sri Lanka and the western seaboard of Myanmar over the last few years. But Delhi can't seem to bestir itself into doing something with its forgotten national asset in the Bay of Bengal — the Andaman and Nicobar Island chain.

The longer Delhi takes to act vigorously on its **frontier region development, military modernisation** and **regional economic integration**, the greater will be its degree of difficulty in coping with China's rise and future Doklams, Hambantotas, and Kyaukpyus.

Shyam Saran (Aug. 2016): In dealing with China, India has to be conscious of the fact that **in terms of both economic and military capabilities, the asymmetry between the two countries continues to expand.**

- **Two ways** to deal with this power asymmetry:
 1. To acquire and deploy capabilities which will make any aggressive military move by China a risky proposition.
 - In terms of developing asymmetrical capabilities, we are not quite there and remain vulnerable. This vulnerability increases if there is a coordinated move by China and Pakistan. In previous India-Pakistan wars, post-1962, China supported Pakistan politically and with supplies but refrained from attacking India across the border.
 - India's move to sell Brahmos Cruise missile to Vietnam is a good move but needs to be executed well and timely (has already been delayed a lot).
 2. To enmesh oneself more tightly in the U.S.- led countervailing coalition targeting China
 - This however does run counter to India's view of itself as an independent power but there is a steady creep in that direction.

Shyam Saran on Chinese Economics and Politics (Nov. 2016):

- Some analysts believe that economic imbalances in China are reaching a point where a crisis is possible; an economic slowdown is inevitable. Nevertheless, the Chinese economy has now achieved a degree of maturity and diversity; the management of the economy is remarkably sophisticated and the capacity for creative innovation and technological progress is evident. Even if the Chinese economy suffers a setback, it has accumulated the human and technological resources and the infrastructure to enable it to bounce back.

- I do not agree that China's capacity for such creativity demands political democracy. Joseph Needham's work would lead us to a different conclusion. Chinese politics is likely to trend towards authoritarianism. In Chinese perception, internal peace and prosperity have flourished in times of strong centralised and indeed, expanding empire. In its absence there has been misery and chaos. This is hard-wired into the Chinese psyche.

Shyam Saran - The China challenge (May 2017)

- In the past decade, there was a consensus between the two countries that both India and China were large emerging economies and had convergent interests in adjusting and shaping the world order to safeguard their interests.
 - E.g. worked closely together in the WTO and in the multilateral climate change negotiations leading up to the Copenhagen summit in 2009.
- This erstwhile consensus no longer holds. The change has come about mostly because of a change in Chinese perceptions, particularly since Xi has come to power.
 - A constant Chinese refrain that China now has a GDP five times that of India and, therefore, India needs to adjust to this change in the "co-relation of forces."
 - The most important relationship for China is its "great power relationship" with the US, the world's pre-eminent power; relations with other major powers are now of secondary importance.
 - China sees an opportunity for itself to eventually replace the US as an uncontested hegemonic power – first in Asia and then the world. The old refrain that the world should move towards multi-polarity has been given up. The Belt Road Initiative (BRI) is a manifestation of these changed perceptions.
- Way Forward:**
 - There will need to be a fine distinction between treating China an 'adversary', which it obviously is and will remain for the foreseeable future, and casting it in the role of an 'enemy'.
 - In the decade ahead, the power gap between India and China in terms of both economic and military capabilities would remain large and even expand. China's economy, after all, is already five times that of India. This would suggest a policy of prudence, not provocation; caution and avoidance of bravado.
 - There should be no hesitation in continuing to strengthen security arrangements with the US, which even with its power in relative decline, would remain the indispensable global power with unmatched technological and military capabilities.
 - Japan, Southeast Asia and Australia - these relationships need to be pursued with greater vigour and we should not be inhibited by anxieties over Chinese adverse reaction.

Chinese restraint is more likely if India has a stronger network of political, economic and security relationships with major powers and other partners in the region, rather than if such a network was weakened by the fear of China. A relatively isolated India is likely to be more vulnerable to Chinese pressure than otherwise.

Harsh Pant: Power by its very nature is expansionist. China's growing economic and diplomatic footprint around the world is now being followed by its military footprint, and that's the reality of great power politics. To understand that is not being belligerent, but preparing oneself adequately.

- March 2018: Sino-Indian relations require deft management, but pandering to Chinese concerns, real and imagined, did not result in a change in Chinese behaviour in the past and won't result in any sort of stabilization of Sino-Indian relations. It will only entrench Chinese positions at the cost of India.

Amb. Rajiv Sikri (Feb. 2017): For now, India needs friends and partners to deal with China. India must raise the costs for China of its current policies. To start with, **India must not lose the psychological war against China. China's weaknesses must be highlighted and exploited.** These include

- its fragile economic model;
 - It has an aging population, an ecologically ravaged landscape and mounting debt that is 250% of GDP.
- its failure to build an integrated polity with justice for minorities like the Tibetans and Uighurs;
- its excessive dependence on foreign trade for its growth;
- its desire to exploit the Indian market;
- its irresponsible attitude towards the environment especially in **Tibet**;
- its expansionist and hegemonic policies;
- its **selective approach to fighting terrorism** etc.

India is already taking much-needed steps to **reduce the military gap** with China, such as the development of the Agni-V and Agni-IV missiles, acquiring nuclear submarines, raising a mountain strike corps, and upgrading border infrastructure like roads and airfields. One hopes there are plans in place to target China's weak spots along the border and on the seas in case of a conflict. Cyber capabilities and security must be enhanced.

Economically, India has to diversify its imports of critical inputs like APIs (active pharmaceutical ingredients) and rare earths to reduce its excessive dependence on China.

- Rare earth metals like dysprosium, neodymium, gadolinium, and ytterbium. They aren't actually rare, but they do play crucial roles in everything from smart phones to electric car motors, hard drives, wind turbines, military radar, smart bombs, laser guidance, and more. They're also quite difficult to mine and process.

In the **border negotiations**, our strategy should be not merely to defend what we possess, but also lay claims to places like Kailash-Mansarovar that have been linked by faith to India over several millennia.

Tibet remains a key and sensitive issue in bilateral ties. The situation will get more complicated in a **post-Dalai Lama scenario**, and a crisis could well break out in India-China relations.

- India has rightly shed inhibitions about high-level contacts with the Dalai Lama who was recently received in Rashtrapati Bhavan and visited Tawang.
- We are encouraging his visits and those of foreign diplomats (most notably the US Ambassador) to Arunachal Pradesh including Tawang. The US Ambassador was in Arunachal Pradesh recently.
- Perhaps India should think of similarly nuancing its 'One-China' policy by linking it more closely, as Foreign Minister **Sushma Swaraj** had hinted some time ago, with China following a '**One-India**' policy.

Admiral Arun Prakash: A strategic encirclement. India's political and security establishment needs a strategy in light of China's naval expansion.

Frederic Grare (**Book: India Turns East: International Engagement and US-China Rivalry**): "The challenge for India is to help structure the regional security environment in such a way that it is compatible with the US partnership but that is non-hostile to China."

Bertil Lintner (**Book: China's India War: Collision Course on the Roof of the World**): As the title of the book, 'China's India War' suggests, **Lintner is debunking Neville Maxwell's thesis on the India-China**

border war. Maxwell's claim in 'India's China War', that Delhi provoked Mao's attack in 1962, had a profound impact on the elite Indian and international understanding of the sources of the conflict.

- Lintner suggests that the roots of the 1962 conflict lay in Tibet. Although India was quick to recognise the integration of Tibet into communist China, Mao's harsh policies in Tibet, Beijing's suspicion that Delhi was acting in concert with the US to provoke trouble, and the Dalai Lama's flight into India in 1959, set the stage for the 1962 war.
- Lintner concludes that a new 'great game' is unfolding between India and China and it has to do with 'border disputes in the Himalayas, the competition for influence in Nepal, Bhutan, and Myanmar, cross-border insurgencies, the sharing of water resources and strategic rivalries in the Indian Ocean'.

Bertil Lintner (Dec. 2017, MUST READ)

Doklam stand-off this year was not about China's designs on India, but aimed to drive a wedge between India and Bhutan.

China doesn't care if the boundary remains unresolved. They are not looking for a solution, they are looking for a strategic advantage. Where there is a conflict of interest building up is in the Indian Ocean. And the joint naval exercises with Australia and other countries is important.

C Raja Mohan (March 2018): **The China reset**

Realists reject the fears of appeasement as a false alarm. Nor do they buy into the argument that a diplomatic reset alone will help address the new fundamentals of the India-China relationship. For them, the reset is part of a much-needed political effort to bring down the rising temperature in bilateral relations.

Realists believe that **India's current difficulties with China are structural and unlikely to ease in the near term.**

- **Boundary** dispute have been stalled for more than a decade.
- Economic front, the **trade deficit** in favour of China continues to grow and at \$52 billion in 2017 it accounted for nearly 45 per cent of India's total trade deficit.
- China's deepening ties with **Pakistan** and its growing economic and military penetration into the Subcontinent and the Indian Ocean.
- On International cooperation: **NSG**, China also remains the only major power that does not support India's claim for a permanent seat in the **UNSC**.

India, by no means, is alone in confronting the problems with Chinese power. All major nations are struggling to come to terms with it. As a larger country sharing a disputed border and an overlapping periphery, India's task is a lot more complicated. Delhi's problem, however, it is not with the idea of a reset that seeks prudent management of an important but complex relationship. It has only, in part, been about the inability to shape the political narrative about the reset and the messiness in handling the Tibet question. In the end, though, a diplomatic reset can't overcome the larger policy failures on closing the widening power gap with China.

C Raja Mohan: India's China reset and BRI (April 2018): Both Delhi and Beijing have incentives to reduce their differences on the BRI and find ways to work together on at least a limited agenda of connectivity. Delhi might be quite open to a substantive dialogue with China on BRI if Xi is prepared to address Delhi's concerns on sovereignty and sustainability.

Zorawar Daulet Singh - Anatomy of a reset (April 2018) - The traditional template, where India-China differences were handled in an overall framework of a politically stable and mature relationship, is being restored.

The course correction has aroused scepticism from the doubters in the strategic community who think the pendulum will shift towards appeasement after a period of doggedly standing up to China. But New Delhi is really adjusting a policy that has simply not worked.

- An adversarial relationship with China brings no advantages and amplifies security problems that India can neither solve on its own nor address with the assistance of external powers who have shown little inclination to deflect Chinese influence in the subcontinent and its littoral.
- India-China friction enhances Pakistan's ability to shape Beijing's South Asia hand even though the latter itself would prefer a more balanced regional posture and a constructive equation with New Delhi.
- A contentious India-China relationship also reduces India's bargaining leverage vis-à-vis the U.S. and Japan. Despite their differences with Beijing, both the U.S. and Japan truly value their interdependence with China.
- The promise of economic cooperation with China can only translate into meaningful outcomes if there is overall geopolitical stability. Mr. Modi's original instinct to craft a grand "developmental partnership" with China got lost in the geopolitical headwinds after 2014. There now seems to be an effort to reclaim that pragmatic vision.

There is now a mutual recognition in both India and China that a posture of hostility has undermined their interests.

Amb. P S Raghavan (April 2018): The Dragon Beckons Again

The unpredictability of U.S. foreign policy is driving even its closest allies to hedge their options.

- Japanese PM Abe and Mr. Xi are to exchange visits in the near future — a significant breakthrough in relations between two strategic rivals, who were on the verge of a military confrontation about five years ago. Japan (like India) is concerned about China's assertiveness in its neighbourhood and the geopolitical implications of its BRI. China's positive response reflects its own desire to keep in touch with a U.S. ally, in the face of conflicting U.S. signals on trade and security policies.
- The sharpening of U.S.-Russia acrimony has complicated India's relations with both countries. Russia's intensifying defence cooperation with China and its actions in Afghanistan and with Pakistan are areas on which serious and delicate high-level India-Russia dialogue is being pursued. This is the backdrop to the current "reset" in India-China relations.

The reality is that India has to maintain a pragmatic balance in its relations with the three major powers, remaining conscious of the fact that elements of these relations will be continuously impacted by the dynamic flux of today's global geopolitics.

Jabin Jacob (April 2018): Modi will also be unable to sustain a genuine 'reset' with China if he cannot revive the economy and stick consistently to a 'neighbourhood first' policy.

Prashant Jha (March 2018) - There are **two broad schools of thought** within the Indian foreign policy establishment, and the wider strategic community, about the reset.

- The first is those who believe reset is essential. The argument goes something like this. India and China have had a turbulent time over the past few years. (NSG; Masood Azhar; B&RI; India's

deepening strategic engagement with Washington and positions on South China Sea, Doklam showed the dangers inherent in the relationship).

- India cannot afford a conflict; its power gap with China is too large; it is neither militarily equipped nor economically positioned to take on Beijing; the US — under President Trump — is not a reliable partner. And thus, while protecting core interests like in Doklam, there must be an effort to normalise ties and build trust. It does not help to make China insecure.
- The second school of thought does not want confrontation either. But it believes that any effort to reset actually smells of weakness and could well reduce India's leverage further. They hold that recent tensions are due to Chinese assertiveness — a result of its growing power and a reflection of President Xi Jinping's personality.
 - In this backdrop, any 'appeasement' of China will embolden it further. India thus has no choice but to hold strong to any 'cards' it may have, including **Tibet**. It must bet on deepening strategic partnership with US as well as other countries with the ability to take on China. It must qualitatively step up the **Quad** (an initiative of India, Japan, US, Australia). And it must not worry about Chinese reactions.

Wuhan Summit - India China 'Informal Summit' (26-28 April 2018)

[Chinese Press release](#); [Indian Press release](#)

Why Wuhan Summit? (From China's perspective) (May 2018)

China regards India as a potential ally of the US and Japan against China. India by itself is not a serious problem. The border is in control of the Chinese if they wish to exercise it, simply because they are on higher slopes and have more troops there. But **anything which arrests India's potential drift towards the US and its allies (Japan) is good for China**. Deeper economic relations with India could be viewed as a means to an end, a means to ensure that India does not drift off into a US-Japan-India strategic triangle.

Shiv Shankar Menon: India-China Informal Summit a Good First Step, Need Actions Next (May 2018)

NSG I don't think is the right issue. We can do everything that we want to with 2008 exemption. On terrorism, certainly there is a lot more we can do together. Even if Masood Azhar was listed tomorrow, will anything change? For me, these are only signs of stress. Neither of us want to see the rise of extremism or terrorism in our region. Both of us need a stable periphery, if we need to concentrate on our domestic economic development. It makes sense to have a proper conversation on these issues.

There are big things that China can do very quickly.

- China can **return to a much more neutral position between India and Pakistan that it used to have**. Chinese President Jiang Zemin stood up in the Pakistani national assembly in December 1996 and told them to do with India what we do — discuss your differences, but cooperate where you can.
- **Trade imbalance** is something they can easily deal with.
- **Maritime security** - can provide assurances to us about freedom of navigation in the South China Sea. That has nothing to do with ownership or legal status.

Shyam Saran (May 2018)

The informal summit reflects the unusual and somewhat similar leadership qualities of the two men:

- i. Both leaders have a high degree of self-assurance and belief in the value of leader-to-leader engagement transcending the tools of traditional diplomacy.
- ii. Leaders were responding to the growing uncertainty in both the regional geopolitical landscape in Asia and the world. (e.g. Korean peninsula - China blindsided by developments where a North-

South détente is taking shape without a Chinese role and the prospect of a US-North Korea understanding, Trump's trade policies)

- The assumption of a linear and upward trajectory of Chinese power has been shown to be premature, and it's against this background that China reassesses relations with India.
 - Renewed emphasis on the "strategic and global dimension" of India-China relations goes beyond the dynamics of bilateral relations. This is also reflected in the additional measures announced to strengthen peace and tranquility on their border.
- iii. India has also been impacted by the shifting currents in the regional and global landscape, and better relations with China provide the nation with much needed breathing space, particularly in its own periphery. Improved India-China relations also constrain the temptation of India's smaller neighbors to wave the China card in squeezing concessions.
- The prospect of India and China working together on a joint project in Afghanistan blunts India's declared opposition to China's BRI even as Pakistani concerns about Indian influence in Kabul go ignored.

Conclusion: Over the past several years, regular leadership engagement between the two countries at bilateral summits and regional and multilateral fora has played a vital role in keeping the balance between the competitive and cooperative components. This balance can only be sustained if India narrows the power gap through more rapid buildup of its economic and military capabilities.

Dhruva Jaishankar: The India–China summit in Wuhan was no reset (May 2018)

Rather than a reset, the Wuhan summit was primarily the product of a more fluid geopolitical landscape, in which both sides saw an interest in hitting the pause button on a steadily more competitive relationship. In that sense, it is not dissimilar to Japan's ongoing "thaw" with China.

India must use the resulting time and breathing space wisely, because its effects will be temporary.

- Continue securing the Indian Ocean by maintaining year-round deployments from the Gulf of Aden to the Straits of Malacca; operationalising military agreements with, among others, the US, France, Singapore, and Oman; and working with Indian Ocean island countries to improve its maritime domain awareness.
- Further deepen its engagement with Southeast Asia, improving air, ground, and maritime connectivity, enhancing its security role, and preserving its diplomatic momentum.
- And India must continue to enhance its strategic partnerships with other countries that share its concerns about China's rise, including (but not limited to) the US, Japan, and Australia.

The longer the India–China timeout lasts, the better it will be for both countries. But it would be unfortunate if in the meantime New Delhi succumbs to either complacency or defeatism.

C Raja Mohan (May 2018): How Donald Trump cast his shadow on the Modi-Xi meet in Wuhan

At Wuhan, China's talk on collaborating with India on saving globalisation, defending the WTO, promoting a multipolar world, and emphasising 'strategic autonomy' was very much part of China's international mobilisation against Trump.

A close look suggests it was Beijing that was really recasting its policy towards its Asian neighbours. Delhi was merely responding to an unexpected opportunity. A closer examination, further suggests China's reset of its regional policy was itself a response to the American upheaval under President Donald Trump.

- Trump's threat to launch a trade war against Beijing, his denial of market access to the Chinese technology companies and above all, the demonstration of the ability to upend the politics of the Korean Peninsula in the front yard of China have in a short period altered the international context for Xi Jinping.

Nirupama Rao (May 2018): The message from Wuhan is: let us give each other space and rationalise our differences in a grown-up way.

Prof. Rajesh Rajagopalan - India's hedging strategy is bound to fail (June 2018) - (**Context:** "informal" summits, SLD speech, visit to Indonesia, as well as the SCO)

It appears to indicate that India is going back to a hedging strategy: attempting to find a modus vivendi with Beijing while also moving slowly to build security and political links with a number of other powers in the region and outside as an insurance against China.

This is unlikely to work. It will satisfy neither China nor the partners that India hopes to balance China with. China is in any case unlikely to trust India, materially the best endowed state in China's neighborhood.

The consequence of this hedging strategy will be that India will neither reduce the threat it faces from China nor have the partners it needs to counter this threat. This is the worst of all possible outcomes. We can hope that this is a short-term strategy forced by electoral compulsions, but even so, its effects are likely to be real and potentially enduring.

Kevin Rudd: Xi Jinping's Vision for Global Governance (July 2018)

- Xi's remarks at the Central Conference, his call for China now to "lead the reform of the global governance system with the concepts of fairness and justice." The world should buckle up and get ready for a new wave of Chinese international policy activism. Xi's wish reflects growing diplomatic activism in multilateral institutions, in order to reorient them in a direction more compatible with what China regards as its "core national interests."
- China also wants a more "multipolar" international system. This is code for a world in which the role of the US and the West is substantially reduced.
- The future of the global order is in a state of flux. China has a clear script for the future. It's time for the rest of the international community to develop one of its own.

Bilateral meeting at SCO in (June 2017) resulted in **Astana consensus** on two key points:

- (a) that at a time of global uncertainty, India-China relations are a **factor of stability**, and
- (b) in their relationship, **India and China must not allow differences to become disputes**.

Chinese military strategist **Sun Tzu** famously said, "**The supreme art of war is to subdue the enemy without fighting.**"

India-Iran relations

Historical context and broad understanding on India-Iran relations

Amb. Rajiv Sikri, Book: Challenge and Strategy Rethinking India's Foreign Policy

Although a dominant power in the Persian Gulf, Iran itself is primarily a land power. India's contacts with Iran have been traditionally over land, not across the Arabian Sea. With the formation of Pakistan in 1947, India and Iran, or Persia as it was known till 1935, lost the geographical contiguity they had enjoyed for centuries. As a result, Indian policy-makers to some extent failed to appreciate that from a strategic perspective India has to deal with Iran as a neighbouring country.

For India, another harder and more pressing reality is that relations with Iran have a **domestic political dimension**. As the **largest Shia country** and home to some of the holiest shrines of the Shia community, Iran remains influential among India's large Shia population, which can be an important swing vote in elections.

India's position in the IAEA in September 2005 and February 2006 on transferring Iran's dossier on its nuclear programme from the IAEA to the UN Security Council, generated resentment and mistrust against India in Iran. It also polarized political and public opinion in India. India's handling of its relations with Iran has also become a litmus test of India's willingness and ability to follow an independent foreign policy.

Iran does matter greatly to India from a strategic perspective.

- i. Pakistan's neighbour and a very influential actor in the Persian Gulf.
- ii. For access to strategically important Afghanistan and Central Asia.
- iii. Strategic development of Chabahar Port.
- iv. Access to Russia - North-South Corridor that is intended to provide faster and cheaper connectivity between India and Russia via Iran and the Caspian Sea.
- v. **Energy security** - Iran is the **3rd largest producer of oil in the world** and meets about **15% of India's oil needs**. India is Iran's top Oil client after China.
 - o Iran became India's second largest oil supplier ahead of Saudi Arabia in the April-June 2018, as companies took advantage of steeper discounts offered by Tehran in light of the US withdrawal from JCPOA and impending sanctions. However, it has started declining since June 2018.

From Iran's point of view, a strategic relationship with an important country like India is worthwhile because:

- Lessens Iran's isolation.
- Defence cooperation - India could also be a source of important defence equipment and technologies for Iran. Iran would like to proceed much faster and further, whereas, India is reluctant to do so. India's hesitation may be related to the sensitivities of Israel, which is a valued defence partner.
- India's relations with Iran have also significant impact on relations between India and Israel.

President Hassan Rouhani's visit to New Delhi (15-18 Feb. 2018)

Joint Statement - "**Towards prosperity through greater connectivity**"; List of **MoUs signed, IE**

- On **Afghanistan**: “interests of peace and stability in the region are best served by a strong, united, prosperous, pluralistic, democratic and independent Afghanistan while supporting the NUG in the country”. May 2016 joint statement didn’t have the words “pluralistic” and “democratic”. Minorities in Afghanistan are feared to be under threat in a Pashtun-dominated society and are often seen to be marginalised in the power structure.
 - Both sides also called upon the “countries of the region” to come forward for enhancing regional connectivity and take steps to do away with the “obstacles on land transit” – a clear reference to Pakistan blocking land transit from India to Afghanistan.
- Both sides committed to “early and full operationalisation of the Shahid Beheshti Port at **Chabahar**”. Modi called it the “golden gateway” to access landlocked Afghanistan and Central Asian region. With a view to fully utilize the potential of the Chabahar Port and its connectivity to Afghanistan and Central Asia, India conveyed its readiness to support the development of Chabahar- Zahedan Rail line. India’s Ports Global Limited (IPGL) to take over operation of existing facilities at the Shahid Beheshti Port — Phase 1 of Chabahar — for 18 months.
- India's accession to **TIR Convention** and **Ashgabat Agreement** was welcomed as additional steps at enhancing regional connectivity.
- **Energy**: Agreed to move beyond traditional buyer-seller relationship and develop it into a long term strategic partnership, both sides agreed to continue and increase the pace of negotiation for reaching appropriate results on energy cooperation, including **Farzad B gas field**.
- On **JCPOA**: The Indian side reaffirmed its support for full and effective implementation of the JCPOA, which has been endorsed by the UN Security Council and is crucial contribution to the non-proliferation framework and international peace, stability and security.

Amb. M K Bhadrakumar (Feb. 2018):

The India-Iran mutual understanding has matured to a point that neither side is making demands on the other's strategic autonomy. India is free to cherry-pick – it can maintain ties with Israel and petrodollar states in the Persian Gulf, some of which are on adversarial terms with Iran. Similarly, Iran's strong ties with China and its self-interest in steering ties with Pakistan harmoniously do not raise hackles in Delhi.

Amb. Vivek Katju (Feb. 2018):

Iran has a complex system of governance with many and often competing power centres. The elected President and government as well as the Parliament are always guided by the Supreme Leader who actually is at the apex of the clerical establishment. The Revolutionary Guards are committed to upholding the values of the Khomeini revolution and are accountable not to the President, but to the Supreme Leader.

- India has mainly dealt with the elected government while keeping its lines open with the other power centres. It has expected the President to reconcile the pulls and pressures of policy-making and come up with a consistent approach. This has been a wise way of dealing with Iran and needs to continue, especially at this stage.
- The **energy** relationship can be transformed from a simple buyer-seller matrix to one in which India can meaningfully participate in the entire energy industry.

On **Afghanistan**: On the Afghan situation where a complete shift of alignments has taken place. Iran and Russia along with Pakistan are now supporting the Taliban. This has added to the group's intransigence and violent opposition to the Ghani/Abdullah government, apart from encouraging Pakistan to continue with its support to anti-India and anti-Afghan terrorist groups.

C Raja Mohan (17th Feb. 2018)

Delhi's biggest current challenge in dealing with Tehran — the sharpening conflict between Iran and Saudi Arabia. But Delhi's public discourse on relations with Iran has for long been framed it in terms of Tehran's relations with Washington. That tells only one part of the story, but masks others.

Realism tells us that Delhi does not have the power to mitigate the tensions between Iran and Saudi Arabia. But Delhi can certainly encourage the emerging trends for political and social moderation in the Middle East.

- India has positively viewed the recent calls from the political leadership in Egypt, Saudi Arabia and the UAE for reclaiming Islam from violent extremists.
- India should also welcome Rouhani's emphasis on ending sectarian conflicts in the region and his praise of India as a "living museum" of peaceful religious co-existence.

While Rouhani may not have the command of Iran's politics, the moderate forces represented by him are critical for the **pursuit of three important Indian objectives in the Middle East**.

- Promotion of mutual political accommodation within the region;
- Pressing for an end to the export of destabilising ideologies from the region; and
- Construction of a coalition against violent religious extremism that has inflicted so much suffering in the Middle East and the Subcontinent.

Iran-Pakistan Relations, Saudi Arabia angle and impact on India

Iranian Foreign Minister **Javed Zarif** in his visit to Pakistan said: "Our relations with India, just like Pakistan's relations with Saudi Arabia, are not against Pakistan as we understand Pakistan's relations with Saudi Arabia are not against Iran."

Vivek Katju (March 2018): Pakistan-Iran ties have to bear the full weight of Saudi-Pakistan relations, and this necessarily will constrain their growth. Iranian FM's Zarif's not-so-subtle signal was to demand that Pakistan should maintain a balanced approach.

Christophe Jaffrelot (April 2018)

India-Iran rapprochement does not mean that Iran is willing to distance itself from Pakistan. In fact, Iran seems to play one country against the other in order to maximise its gains in the context of sanctions which are badly affecting its economy. Such a strategy is facilitated by Pakistan's attitude, which tries hard not to alienate Iran.

- Both countries share a 900 km-long border that cuts across Balochistan. Pakistan can hardly afford to open a third front.
- Iran and Pakistan have also a common neighbour, Afghanistan, where they could intensify a proxy war.
- Pakistan needs gas, Iran needs to sell its gas.

Iran is not comfortable with India because of its strategic partnership with the US. Iran has disapproved of the Afghan policy of the new American administration that India has applauded. Similarly, Iran cannot take lightly the **new India-Israel relations**. It is these growing affinities that have contributed in the last few months to Ali Khamenei mentioning the Kashmir issue in some of his sermons for the first time and comparing it to the injustice meted out to Palestinians.

The deepening of Iran-Pakistan relations will depend on the pressure Riyadh exerts on Islamabad. Pakistanis have made important concessions to Saudi Arabia and the GCC.

- Pakistanis are allegedly training Syrian rebels (whereas Tehran supports the Bashar-al Asad regime).
- Raheel Sharif, was appointed the leader of the Riyadh-based Islamic Military Alliance to Fight Terrorism (a coalition of Sunni countries) in 2017.
- Pakistani army and Saudi Royal Land Forces have increased their joint manoeuvres. While Pakistan has not sent troops to Yemen, its soldiers have been deployed on the other side of the border, allegedly to protect the holy cities.

Pakistan has tried not to take sides between Iran and Saudi Arabia and even attempted to mediate between the two.

The development of Chabahar is slow but so, for instance, is the finalisation of the contract regarding a gas field, Farzad-B, in which India is interested, showing that Iran is not an easy partner indeed.

US pulls out of Iran Nuclear Deal - JCPOA (May 2018)

Press briefing by NSA Bolton on Iran: The lesson that America learned, painfully, a long time ago, but that **Dean Acheson** once said, is **we only negotiate from positions of strength**. It was a lesson that the last administration did not follow. It has impact on North Korea as well.

Mr. Pompeo has a list of 12 demands. Iran must:

- fully disclose to the IAEA the past military dimensions of its nuclear programme and abandon such work in perpetuity;
- stop enrichment and close its heavy water reactor;
- provide to the IAEA access to all the sites in the country;
- end its ballistic missiles programme;
- release U.S. and other citizens detained on spurious charges;
- end support to terror groups including to Hamas and Hezbollah;
- respect the sovereignty of the Iraqi government and permit the disarming of Shia militias;
- end support to the Houthis in Yemen;
- withdraw its forces from Syria;
- end support to Taliban;
- end support to terrorists around the world; and
- end threatening behavior against neighbours, many of whom are U.S. allies.

Vivek Katju: Trump reinforcing view that international system is inherently lawless (May 2018)

Like his June 2017 decision to withdraw from the Paris Climate Accord, this step too will reinforce the view that the international system is inherently lawless. Trump's step is a reminder of the time when strong states "did what they will and weak states suffered what they must."

India will have the messy task of seeking to move its interests in the hydrocarbons sector and in developing connectivity without giving offense to either the US or Iran. This will not be easy.

There is little doubt that India or its companies will not seek to violate US sanctions, whether in maintaining oil purchases or moving ahead with the Chabahar port. In the past, New Delhi and Tehran devised innovative ways for India to continue to purchase Iranian oil. Chabahar is a strategically important project for Afghanistan, as for India. This is evident from reports that more cargo is moving to Afghanistan through Chabahar during the past few months.

Rakesh Sood (May 2018) - Just as it is more difficult to verify Iran's full compliance with the NPT without the JCPOA's enhanced verification provisions, it is more difficult to justify going to war with Iran when it is in full compliance with JCPOA. The U.S. decision may just have tipped the balance.

Shyam Saran: Trump's action on the Iran nuclear deal can accelerate the fragmentation of the global order (May 2018)

Significant geopolitical consequences

- US move is unilateral, and this will further erode western ascendancy in the global order.
- Global trading system - More deliberate effort to reduce dependence on the US dollar.
- Intensification of the multiple conflicts which are ravaging West Asia. E.g. proxy wars in Syria, Lebanon, and Yemen.

In 2015, despite there being differences in interests and perceptions, major powers came together to conclude the deal. The fallout from the US exit from the deal makes such common action among the major powers to uphold international peace and security as a shared objective, a casualty.

Relations among major powers are likely to become more transactional and the dismantling of the post-World War II order is likely to proceed in a more hastened and disorderly manner. The risks of conflicts through miscalculation and misperception will rise. This will demand a much more nuanced and nimble diplomacy on India's part.

Collateral consequences for India as a result of the US action:

- Global oil prices may rise --> inflation, fiscal issues.
- If armed conflict erupts in West Asia - India's energy security will be affected, welfare of more than six million Indians who live and work in the Gulf.
- Difficult to continue doing business with Iran - rupee payment arrangements, use of third currencies and trade channels. Since other stakeholders are abiding by the deal, US ability to enforce the sanctions through penalties on non-US entities would be limited.

On balance, therefore, there is more to fear from political and security-related consequences than economic or commercial ones.

C Raja Mohan (May 2018)

Most analysts of Trump's decision suggest this might be less about atomic weapons and more about overthrowing the Islamic Republic. If the question was how to make the nuclear agreement tighter, critics say, Trump could have gone along with America's European allies — France, Britain and Germany — who were promising precisely that.

The emphasis on regime change does not mean embarking on direct military intervention. Trump has repeatedly affirmed that he has no interest in promoting democracy abroad or building other nations with American resources. Trump's strategy might be called "regime change on the cheap".

- i. To mount massive economic sanctions, unilateral if necessary, against Iran. Some in Washington are betting that given the mounting economic crisis in Iran, the sanctions could recall bite and push the Islamic Republic to its knees.
- ii. To strengthen Iranian opposition groups working to oust the Iranian theocracy.
- iii. To reinforce the regional efforts by Iran's local rivals — Israel, Saudi Arabia and the UAE — to push back against Tehran's expansionism. All three countries have welcomed Trump's decision.

Chinmaya Gharekhan (May 2018)

The goal that the U.S. administration is seeking in Iran is regime change. The U.S. is not asking for a new, revised or reformed nuclear deal. It wants to conclude a treaty that would override the JCPOA and would cover all aspects of Iran's nuclear programme as well as its missile programme.

It is not at all certain that the Europeans will leave the U.S. all alone; sooner or later, they will find ways to "cooperate" with the U.S.

The American specialist team will in all probability explain to India that if India wants to avoid being sanctioned, it must steadily and significantly reduce oil imports from Iran over the next five and a half months. Indian diplomacy will be on test, but one can expect that India will find a way to safeguard its interests without alienating its friends, old and new.

HARSH V. PANT & ABHIJNAN REJ - Beyond JCPOA: Examining the consequences of US withdrawal (July 2018)

Policy recommendations:

- i. India should seek waivers from US secondary sanctions when it comes to the purchase of crude petroleum, as well as development of its natural gas projects in Iran. Be prepared to approach the issue as quid pro quo with the US. One way through which this can be achieved is through issues linkages: increase in purchase of US shale oil, as well as softening India's positions on US tariffs, in return for sanctions waivers.
- ii. New Delhi should aggressively promote the cause of the Chabahar port in Washington, and link the success of the port projects with that of Trump's Afghanistan policies.
 - o To considerably reduce the influence of Pakistan.
 - o Absent India in Chabahar, Iran may be tempted to link the port with China's BRI, an outcome that is undesirable for the US and its nascent Indo-Pacific strategy.
- iii. Should Indian overtures to the US about Chabahar fail, India should look towards China in developing the port. Following the Wuhan summit in April (agreed on joint economic project in Afghanistan), India-China collaboration on Chabahar is not as farfetched as it sounds, especially given the fact that Iran being open to China as well.
- iv. Russia is the other potential partner should the US refuse to play ball with India when it comes to Iran. Russia has remained committed to the idea of promoting alternative institutional structures that undercut US and western dominance.
- v. Finally, India should be vocal in its support of the French and German positions on the JCPOA.

All said and done, if the net result of the US pull-out from the nuclear agreement is Iran eventually acquiring nuclear weapons, this changes the regional security calculus quite dramatically, and in a way that is to India's detriment. Therefore, India should be willing to partner with EU states to promote the JCPOA. However, it should also be cognizant of the realpolitik of such a stance: India should express support for the EU positions only if it is certain that the US will not make any special concessions for India when it comes to New Delhi's interests in Iran.

Prof. P R Kumaraswamy (July 2018)

For India, Iran is also a cantankerous partner. It seeks to renegotiate formal agreements, breaks off friendly understandings, raises the ante, and often irritates.

Iran has never come to terms with India's vote in the IAEA and UN Security Council over the nuclear controversy. It is not as if Iran has exercised a great deal of restraint on issues that are dear to India (e.g. Kashmir, Kulbhushan Jadhav).

- But the Indian strategic community has also contributed to this state of affairs. By exclusively focusing on the US dimension, the strategic community has glossed over the flip side of Indo-Iranian relations.

What is the implication of the Iranian missile programme for India and its Gulf Arab friends? Can Iran use its strategic assets to intimidate its smaller and less powerful Arab neighbours? These are uncomfortable puzzles.

Geostrategic reality will ensure Iran's continued importance. But the renewal of American hostility provides India an opportunity to evaluate the strengths and weaknesses of Indo-Iranian relations. Yes, Iran is more than an energy supplier but it also has strategic liabilities.

Zorawar Daulet Singh - What does Iran bring to the table for India?

- Key to any meaningful Indian role in Eurasia is through Iran.
- Shaping Afghanistan,
- Accessing Central Asia and Russia,
- Reviving old trade routes etc.

Look, for example, at Chinese foreign policy - constructive ties with all players in the Middle East. India must do the same!

SAARC

SAARC was founded in 1985.

Secretariat - Kathmandu, Nepal.

Member states: Afghanistan, Bangladesh, Bhutan, India, Nepal, the Maldives, Pakistan and Sri Lanka.
Afghanistan joined SAARC in 2007.



Courtesy: www.mapsofworld.com

Journey so far

- **South Asian Free Trade Area (SAFTA)** - Signed in 2004 during 12th SAARC Summit held in Islamabad. The Agreement entered into force on 1 January 2006.
 - Bring their duties down to 20% by 2009, which is yet to be implemented.
 - **Intra-SAARC trade amounts to 1% of SAARC's GDP**, in contrast, in ASEAN - 10% of its GDP.
- **SAARC Visa Exemption Scheme**
- **South Asian University**
- **SAARC Disaster Management Centre**
- "SAARC Chamber" of Commerce & Industry
- **South Asian Preferential Trade Agreement (SAPTA)**: Signed in April 1993 and entered into force in December 1995 to enhance mutual economic cooperation in the region.
- **South Asia Initiative to End Violence against Children (SAIEVAC)**

Recent Developments

- **South Asia Satellite**
 - "Pakistan has decided to opt-out of the satellite project. So it cannot be called a SAARC satellite. It will be a **South Asia satellite**"
- **Framework agreement in power sector** - Electricity trading through grid connectivity.
- **India Business Card for SAARC trade**: "India Business Card" to be given to businessmen of high repute in SAARC countries.

Reasons for failure:

- Weak **Cultural** Identities - The pursuit of maintaining distinct cultural identity by every country.
- Rivalry between India and **Pakistan**, the two largest members of SAARC.
- The region still faces many **unresolved border and maritime issues**.
- **SAARC Charter Article X (2)**: mandates decisions only on the basis of **unanimity**.
- The **trust deficit** among the countries in the region.
- Fear of India's **Big Brotherly** attitude.
- **India's apprehension**: Such an organisation might be used by her smaller neighbours to extract undue concessions by expressing their fear of being bullied by India.

Way Forward

- Focus on developing our **South Asian identity**.
- Develop **physical and soft connectivity**.
- **Trade integration** needs to be expedited through faster implementation of **SAFTA**.

The **19th SAARC summit**, scheduled to be held in Islamabad, Pakistan in November 2016 was postponed due to Uri attack and yet has not been held.

Amb. Rajiv Sikri: "A fundamental problem is that **South Asia's political borders are artificial**. India's neighbours deliberately downplay the interdependence, complementarities and commonalities of the region. All of India's neighbours implicitly recognize that India is South Asia's natural leader. However, India cannot take leadership for granted; it has to earn it."

Shivshankar Menon: South Asia May Be Politically Divided But It Faces Common Security Challenges. Nation-building is still a work in progress in southern Asia, and state sovereignties are still new and fiercely defended.

Shyam Saran: Regional connectivity in South Asia should be a strategic priority for India.

BIMSTEC

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (**BIMSTEC**) was established in **1997 Bangkok Declaration** with **secretariat in Dhaka**.

Member countries: Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal and Bhutan (**No** Maldives, Afghanistan, Pakistan)



The BIMSTEC countries are home to a population of around 1.5 billion, approximately 21 % of global population, with a cumulative GDP of US\$ 2.5 trillion. The annual GDP growth rate has averaged around 6 %.

- The main objective of BIMSTEC is technical and economic cooperation among members.
- A **sector-driven** cooperative organization – total **14 sectors**.
 - Trade & Investment, Technology, Energy, Transportation & Communication, Tourism, Fisheries, Agriculture, Cultural Cooperation, Environment and Disaster Management, Public Health, People-to-People Contact, Poverty Alleviation, Counter-Terrorism and Transnational Crime and Climate Change.
 - Each Country leads some of the sector out of the above.
 - India is the lead country for following sectors:
 - Transportation & Communication, Tourism, Environment and Disaster Management, Counter-Terrorism and Transnational Crime.
- Could act as a bridge between South and South East Asia and represents a reinforcement of relations among these countries.
- A rational move to strengthen India's **Act East Policy** and **South-South cooperation**.
- India is the leader here as far as size and GDP is concerned, Bangladesh (textile industry), Thailand and Myanmar (more investment because of new democratic government), Sri Lanka (ports).

Previous BIMSTEC Summits:

- 1st Summit (2004) - Bangkok (Thailand)
- 2nd Summit (2008) - New Delhi (India)
- 3rd Summit (2014) - Nay Pyi Daw (Myanmar)

4th BIMSTEC Summit is scheduled to be held from 28-31 August 2018 in Kathmandu, Nepal.

Key outcomes of **BRICS-BIMSTEC Outreach Summit (Goa), 2016**:

Connectivity:

- To explore the possibility of having a **BIMSTEC Motor Vehicle Agreement**.
- India-Myanmar-Thailand trilateral highway



- Kaladan Multi-modal Transit Transport Project
 - Agreement was signed in 2008. Construction began in 2010. But inadequate funds and poor planning led to delays. Objective is to complete the project in 2019.
 - The project will provide an alternate access route to the **North Eastern region** of India. The project aims to create a multi-modal mode of transport for shipment of cargo from the eastern ports of India to Myanmar as well as to the North-Eastern part of India through Myanmar.
 - It will connect **Kolkata port** with **Sittwe port** in Myanmar by sea, and then link Sittwe seaport to **Lashio** in Myanmar via Kaladan river via inland water transport and then from Lashio to **Mizoram** in India by road transport.
 - When completed, the KMTT will shorten the current time taken to transport goods from Kolkata to Mizoram by three-four days, and the distance by around 950 km. KMMT is hailed as "Future gateway to South East Asia".



- Development of the [**Blue Economy - Knowledge paper by FICCI on Blue Economy**](#)
 - Aquaculture (both inland and coastal), hydrography, seabed mineral exploration, coastal shipping, eco-tourism and renewable ocean energy.
- Energy:
 - To expedite the signing of the [**BIMSTEC MoU on Grid Interconnection**](#).
 - Early operationalization of the [**BIMSTEC Energy Centre \(Bangalore\)**](#)
- Trade:
 - "early conclusion of BIMSTEC [**Free Trade Area**](#) negotiations"
- BIMSTEC Convention on Mutual Assistance in [**Criminal Matters**](#).
- BIMSTEC Convention on Cooperation in [**Combating International Terrorism, Transnational Organized Crime and Illicit Drug Trafficking**](#).
 - India will host [**first military exercise of the BIMSTEC Countries in September 2018**](#).
 - Meetings of [**NSA**](#) in 2017.
- Agreements on Services and Investment.
- Closer cooperation in [**disaster management**](#)
 - Joint exercises, sharing of information including early warning system, adoption of preventive measures, joint action on relief and rehabilitation, and capacity building.
- [**Tourism: Buddhist Tourist Circuit and Temple Tourist Circuit**](#) within the region.

Criticism

- [**India's engagement**](#) with them has been [**mostly episodic and ad hoc**](#). We have not created the capacity to engage with our neighbours on a sustained basis and at multiple levels.
- [**Indian dilemma**](#) - The connectivity platform also [**opens the door to China selling its ambitious OBOR initiative**](#).
- [**Delivery Deficit**](#) - India's own resources are limited, but more than that its record of delivery on commitments continues to be abysmal.
- [**Shyam Saran**](#): Same projects reappearing as "fresh initiatives" in serial joint statements over recent years. Our capacities and institutions continue to lag behind our ambitions. It is [**time to move from an event-oriented to a process-driven approach**](#).

BIMSTEC vs SAARC – A Comparison.

SAARC	BIMSTEC
<p>1. A regional organisation looking into South Asia</p> <p>2. Established in 1985; a product of the Cold War era</p> <p>3. Member countries suffer for mistrust and suspicion</p> <p>4. Suffers from regional politics</p> <p>5. Asymmetric power balance</p> <p>6. Intra-regional trade only 5 percent</p>	<p>1. Interregional organisation connecting South Asia and South East Asia.</p> <p>2. Established in 1997 in the post-Cold War.</p> <p>3. Members maintain reasonably friendly relations</p> <p>4. Core objective is the improvement of economic cooperation among countries</p> <p>5. Balancing of power with the presence of Thailand and India on the bloc</p> <p>6. Intra-regional trade has increased around 6 percent in a decade</p>

Way Forward

Amb. Rajiv Bhatia - It is wise to learn walking before trying to fly.

- Forge practical cooperation in six areas, to start with: trade and investment, connectivity, energy, tourism, counter-terrorism, and Blue Economy.
- Security challenges must be addressed through a realistic programme, but the grouping's principal focus must remain on social and economic development.
- BIMSTEC needs to produce a few visible results or successes in the short term. Concluding the protracted negotiations for a FTA in goods, and later, services, and investment, is the way forward. **Without an appropriate FTA, the grouping will continue to be perceived as an empty shell.**

Amb. Pinak Ranjan Chakravarty: BIMSTEC must now move into a rapid implementation stage, for which the necessary resources should be injected into the Dhaka-based secretariat. It will be prudent to divert resources from less critical areas to BIMSTEC to realise its undisputed potential as a subregional organisation and a strategic vehicle for India's foreign-policy goals.

BIMSTEC has been “innovative but under-performing.”

India-Maldives relations

Brief Overview (Amb. Rajiv Sikri, Book: Challenge and Strategy - Rethinking India's Foreign Policy)

Maldives, isolated from the mainland, developed a unique national identity created out of the interplay of influences from India, Sri Lanka as well as the Persian and Arab world. But by designating Islam as the official religion and prohibiting the citizens of Maldives from practising any other religion, the 1997 constitution and former President Gayoom's policies of using religion for political purposes have created an intolerant fundamentalist society.

Over the last six decades, India has been on many occasions the decisive factor in seeking a resolution of domestic political crises in Bangladesh (1971), Sri Lanka (1987), Nepal (1950–51 and 2005–08) and Maldives (1988). The challenge for India lies in not getting drawn into situations from which there may be no safe and honourable exit, and in simultaneously pushing for national consensus that involves all the principal political actors in the country concerned.

Chronological sequence of events:

- India was among the first to recognise Maldives after its independence in 1965 and to establish diplomatic relations with the country. India established its mission at Malé in 1972.
- **Maumoon Abdul Gayoom** (half-brother of current president Abdulla Yameen) ruled Maldives as President from 1978 to 2008. In December, 1988, India foiled a coup attempt in Male' a gorilla outfit from Sri Lanka.
- **Mohammed Nasheed** succeeded through **democratic elections in 2008**. In 2008, India welcomed the democratic elections in Maldives. However, relations deteriorated when President Nasheed resigned and took shelter in Indian Embassy (Feb, 2013). Later, he was defeated in the elections in November 2013.
- **Abdulla Yameen** assumed office in November 2013.
 - During the first two months of the regime, the bilateral relations took a nose dive when the Maldivian government terminated the contract of Indian company GMR to build Male' Airport on the allegations of irregularity.
 - However, soon Yameen realised his folly and visited India in January 2014 to reassure his bigger partner of friendly relations.
 - President Yameen also participated in the swearing in ceremony of PM Modi. He paid a state visit to India in April, 2016 to reassure India of Maldives' friendly relations.
 - Yameen had said his country pursues an "**India first" foreign policy**", describing it as the Maldives's most important friend. But that was just after India had shielded the Yameen government from punitive action by the Commonwealth's human rights and democracy oversight body.
 - Dec. 2017: Maldives seals FTA with China.
 - Maldives became the second country in South Asia, after Pakistan, to enter into a FTA with China.
 - The haste with which the government, led by President Abdulla Yameen, decided to pass the pact — the session took barely half an hour — was perceived in India as Male trying to cosy up to China.
 - Feb. 2018: President Yameen imposed a **State of Emergency on Feb. 5, 2018** after a Supreme Court ruling quashed convictions against nine opposition leaders. The state of emergency continued for 45 days.
- **Presidential elections** will be held in the Maldives on **23rd September 2018**.

Reasons why Maldives is important for India

- i. Strategically located in the Indian Ocean, Maldives archipelago comprising 1200 coral islands lies next to key shipping lanes which ensure uninterrupted energy supplies to countries like China, Japan and India.
- ii. Since China started to send naval ships to Indian Ocean roughly 10 years ago --and right up to Gulf of Aden in the name of anti-piracy operations-- Maldives' significance has steadily grown and now it's at the heart of international geopolitics.
- iii. As the pre-eminent South Asian power and a 'net security provider' in the Indian Ocean region, India needs to cooperate with Maldives in security and defence sectors.
- iv. China's massive economic presence in Maldives is a major concern for India. With the country now said to owe 70% of its external aid to China, many believe that **Yameen has done to Maldives what Rajapaksa did to Sri Lanka.**
 - In July 2015 Maldives had passed an amendment to its constitution allowing foreign ownership of freehold land for the first time just a day after the legislation was tabled in parliament.
 - A Chinese firm has acquired "**Feydhoo Finolhu**" island on a 50 year lease for \$4 million for developing a resort near capital city Male.
 - Saudi Arabian initiative of investing \$10 billion for wholesale acquisition of **Faafu**, 19 low-lying islands 120 km south of Male.
 - When viewed in the context of the increasing footprint of radical Islam in the islands, increasing visibility of Chinese Saudi defence cooperation becomes worrying for India's strategic watchers.
- v. Under Yameen, radicalization grew rapidly and it was often said that archipelago accounted for one of the highest numbers of foreign fighters in Syria in terms of per capita. India can ill-afford a neighbour which fails to check Islamic radicalisation.

Amb. M K Bhadrakumar (Dec. 2017): A permanent solution needs to be found. Maldives floats like a butterfly and stings like a bee at our navel every now and then. In these postmodern times, the fizz has gone out of the regime-change formula. What's the certainty that Mohamed Nasheed in power in Male will behave exactly this way while in exile? Our foreign and security policy establishment should come up with something ingenuous. To my mind, **why not the Diego Garcia formula?**

The Hindu Editorial on why relations have soured so badly:

- The fact that the Maldives is the only country in the neighbourhood that PM Modi hasn't visited is one reason, but there are many others.
- India's vocal protests on democratic rights in the Maldives have been at variance with the past policy of taking a more muted line in public while encouraging democracy in official conversations.
 - Mr. Gayoom also ran a near-autocracy for three decades from 1978, and India's interventions always aimed at strengthening the government there, with any misgivings conveyed only through quiet diplomacy.

State of Emergency in Maldives and Demands for India's Military Intervention

President Yameen imposed a State of Emergency on Feb. 5, 2018 after a Supreme Court ruling quashed convictions against nine opposition leaders. The state of emergency continued for 45 days.

India had, in the past, carried out military operations inside Maldives, though that was at the invitation of the Maldivian president when Gayoom sought Rajiv Gandhi's help in **1988** to stave off a mercenary threat.

C Raja Mohan (Feb. 2018)

The crisis in Maldives drew attention to the perennial question about whether and when India should intervene in the internal politics of its neighbouring countries.

Some misconceptions about India's approach to sovereignty and intervention.

- i. One popular political myth is that New Delhi has unflinching commitment to the principle of "non-intervention". This general principle had a big exception in India's neighbourhood policy.
 - liberation of Bangladesh from Pakistan in 1971,
 - the intervention in the Sri Lankan civil war in the late 1980s,
 - recent involvement in the making of Nepal's constitution.
- ii. India certainly intervenes, but not always. Delhi's decision-makers are not perpetually plotting to shape the domestic politics of its neighbours.
- iii. China, unlike India, believes in sovereign equality with countries big or small. Like all myths, this has no empirical basis.
 - Since most countries in the Subcontinent seek a bit of autonomy from India, they find China's interventionism often quite useful. But only up to a point. Geography and interdependence with India caution them against drawing too close to Beijing, and provoking Delhi into intervention and regime change.

Delhi surely knows one thing from its past interventions. The task of fixing other people's problems is never easy. And not all consequences of intervention can really be predicted or managed.

Maldives might be tiny state with less than half a million people. With a deeply fractured political elite that has become acutely conscious of its strategic location, it will take a lot of Indian energy to repair the state of affairs in Maldives. But then that is the burden of all major powers, especially in their own regions.

Indrani Bagchi - Tread softly on Maldives: India's response to Yameen's seizure of power **must rely on smarts, not brawn.** (Feb. 2018)

Credibility of Nasheed is doubtful, as is of 80-year-old Gayoom, a quasi-autocrat himself for over 30 years.

- India should not forget Nasheed's courting of China during the Male SAARC summit, and should not be seen as putting all its weight behind the former president. Nasheed is still viewed in New Delhi as "immature" and "brash", and, officials pointed out, his MDP has not reached out sufficiently to other opposition partners.
- This means even among the few who are not in jail there exists the possibility of Maldives beyond Yameen. These forces would wilt under Indian glare – much better to create an enabling environment for them to flourish.

Former foreign secretary **Kanwal Sibal** warned **India must not get into the business of regime change even if it seems to serve its strategic interest.** 'Yameen is acting arbitrarily but this is still an internal matter of the Maldives. It is better for India to wait for a while and see if Yameen makes more mistakes or if people of Maldives decide to come out on streets against him. China will ensure comfort for the Maldives even if western countries decide to impose sanctions because of the stakes that Beijing has developed in that country."

Nitin Pai - When should India employ hard power? (9th Feb);

- **Panipat School of strategic thought** — “let’s wait until the threat materialises inside our country before we concern ourselves about it”.
- **Hindukush School of thought**, where we attempt to dissipate the threat as far from our borders as possible.
 - Nuclear deterrence, for instance, is a Hindukush approach.
 - So is the dispatch of the Indian Navy to waters east of Singapore and shaping the balance of power in East Asia.
- As India becomes more developed the Panipat approach will become costlier. The United States spends a lot of money to maintain a global military presence. It does so because that is cheaper than the cost of incurring damage on the homeland. We still have a long way to go, but as per capita GDP rises, so will the need for the Hindukush strategy.

Shyam Saran: In 2012, India may have taken the wrong call in not responding to Nasheed's appeal for intervention when he was being forced to resign under duress, paving the way for Yameen's capture of state power. Nasheed was the constitutionally elected head of state and an Indian intervention to prevent the coup against him would have been justified.

There are occasions when safeguarding Indian interests requires swift action despite risks involved. A wait and watch approach may sometimes undermine our interests through a relentless attrition process.

Manoj Joshi (June 2018): India has maintained its primacy in the region, often through the use of soft power, by funding hospitals and educational institutions, and offering scholarships and training programmes. But it has not hesitated to militarily intervene when its interests were at stake. However, New Delhi has learnt over the years that direct intervention often comes at a price. Sometimes, it is worth playing the longer game rather than acting in haste.

Chinese presence in Maldives ([Andrew Small](#))

China has lent heavily to fund a new airport and related developments costing US\$1.25 billion, as well as a new port. As a result, the [**Maldives' public debt will climb to almost 75% of GDP, almost 70% of which will be owed to China.**](#)

- India’s **GMR** was thrown off the country’s major airport expansion project in favour of the Chinese, who are also building a “friendship bridge” to connect the airport to the capital.
- Maldivian property laws were changed in July 2015 to allow foreign ownership of land, [provided](#) the investment was at least \$ 1 billion and 70 % was land reclaimed from the sea. With China’s experience in large-scale island building through reclaimed land in the South China Sea, one need not speculate about the likely beneficiary of this new law.
 - A Chinese firm has acquired "**Feydhoo Finolhu**" island on a 50 year lease for \$4 million for developing a resort near capital city Male.
- An equally controversial FTA with China (Dec. 2017) was also rushed through last December with no opportunity for the opposition to review the terms of the lengthy document.
- Chinese and Saudi investors are developing the ambitious iHavan project on the northern island of Ihavandhippolu, not far from India.
- There are reports that China may build another port on the southern atoll of Laamu with the eventual aim of turning it into a high-end resort for Chinese tourists, who now constitute the largest number of visitors to the country.

China opened its mission in Male only as late as 2011, so this is remarkable progress indeed.

Shyam Saran - Enter the Dragon

China repeatedly forswears any intention of setting up bases in the Maldives, but has signalled its intention to maintain a naval presence in this part of the Indian Ocean by undertaking a highly visible visit, for the first time, of three naval vessels to Male in August 2017. So the message is loud and clear: **China is determined to demonstrate its oft-repeated assertion that the Indian Ocean is not India's ocean.**

A couple of years back, a Chinese Navy journal had spelt out the country's Indian Ocean strategy in the form a **16-Chinese character guideline**:

"Select locations meticulously, make deployments discreetly, give priority to cooperative activities and penetrate gradually."

India-Sri Lanka relations

India–Sri Lanka relations have been friendly, but were controversially affected by the Sri Lankan Civil War and by the failure of Indian intervention during the war.

Tamil issue

Brief overview (Shivshankar Menon, Book: Choices - Inside the making of India's Foreign Policy)

There are multiple religious and ethnic fault lines in Sri Lanka between the primarily Hindu and Christian Sri Lankan Tamils and the predominantly Buddhist Sinhalese, with a sprinkling of "Burghers," who had some Dutch blood; Muslims concentrated in the capital Colombo and the Northern and Eastern Provinces; and other small communities.

While Tamil speakers of all religions were concentrated in the north and east, the areas claimed by the LTTE as Tamil Eelam, their homeland, the Sinhalese were concentrated in the south and west of the island.

For India, whatever happened in Sri Lanka directly affected the far larger population of Tamils in the Tamilnadu, the scene of an active separatist movement with considerable popular support through the 1950s and early 1960s.

With independence for Sri Lanka in 1948 came majority politics and a series of steps that disadvantaged the Tamil minority.

- The 1948 Ceylon Citizenship Act made 7 lakh Indian-origin Tamils stateless;
- The 1956 Sinhala Only Act replaced English with Sinhala as the only official language;
- In the 1970s a preferential university admissions system known as the "policy of standardization" discriminated against Tamils in recruitment to jobs and university places and institutionalized ethnic discrimination; and
- Officially sponsored colonization in the north and east by Sinhala farmers aroused Tamil resistance.

Refugee crisis in India and July 1987 Accord: The negotiations between India and Sri Lanka led to an accord in July 1987 called Indo-Sri Lanka Accord. The accord attempted to address the crises in peaceful manner by providing sufficient autonomy to northern regions without splitting up the nation.

Provisions of accord:

- The northern and eastern provinces of Sri Lanka where Tamils were the majority would be merged into a single province.
- Substantial devolution of power to the Northern Province.
- The LTTE would be dissolved and arms surrendered in a very short time.
- The Indian army would come to the aid of the Sri Lankan government if requested by Sri Lanka.

The **13th amendment** aimed at creating provincial councils in Sri Lanka and enable Sinhalese and Tamil as national languages while preserving English as the link language. However, the accord failed to take off because the LTTE had given only reluctant consent, was not a signatory, did not trust the Sri Lankan government and refused to surrender.

Indian Official stand (MEA website) in the aftermath of end of Civil War

The nearly three-decade long armed conflict between Sri Lankan forces and the LTTE came to an end in May 2009. During the course of the conflict, India supported the right of the Government of Sri Lanka to act against terrorist forces. At the same time, it conveyed its deep concern at the plight of the mostly Tamil civilian population, emphasizing that their rights and welfare should not get enmeshed in hostilities against the LTTE.

The need for national reconciliation through a political settlement of the ethnic issue has been reiterated by India at the highest levels. India's consistent position is in favour of a negotiated political settlement, which is acceptable to all communities within the framework of a united Sri Lanka and which is consistent with democracy, pluralism and respect for human rights.

The conclusion of the armed conflict saw the emergence of a major humanitarian challenge, with nearly 3 lakhs Tamil civilians housed in camps for Internally Displaced Persons (IDPs). The Government of India put in place a robust programme of assistance to help the IDPs return to normal life as quickly as possible. In recent years, there has been significant progress in implementation of developmental assistance projects for IDPs and disadvantaged sections of the population in Sri Lanka.

Shivshankar Menon (Book: *Choices*): The Sri Lankan civil war which ended in 2009 was also one of the longest civil wars in history. The Tamil sense of grievances unaddressed makes the return of separatism and radicalism in another form a matter of time. Much will depend on how politics and society develop in Tamilnadu, the true land of Tamils, in the years ahead. For the present there is declared sympathy but little real support in Tamilnadu for the causes or the methods that the LTTE adopted.

In March 2018, **Sri Lanka imposed nationwide emergency for 10 days in response to anti-Muslim violence.**

- Ethnic clash between Sinhalese Buddhist and Muslims

Sri Lanka formulating New Constitution

Maithripala Sirisena, who was backed by the Tamils against Mahinda Rajapaksa in the presidential election of 2015, launched the process **to formulate a new constitution** to replace the existing 1978 constitution. Drafting of new constitution is underway and the deadlines have been shifted multiple times.

The **3 constitutions Sri Lanka framed since 1948** have not involved everyone in the drafting and promulgation process. **Trust deficits** must be bridged by improving involvement.

- i. The **Soulbury Constitution (1948)** was the first constitution as an independent nation.
- ii. Sri Lankan Constitution of **1972, first republican constitution**, changed the country's name to Sri Lanka from Ceylon, and proclaimed it as an independent republic nation.
- iii. The Constitution of the **Democratic Socialist Republic of Sri Lanka, 1978**.

The challenges before constituent assembly in drafting of new constitution involve the following goals:

- abolishing the executive presidency
- reforming the electoral system
- promoting good governance
- strengthening democratic institutions,
- a comprehensive rights regime
- substantive power-sharing arrangements involving all ethnic minorities

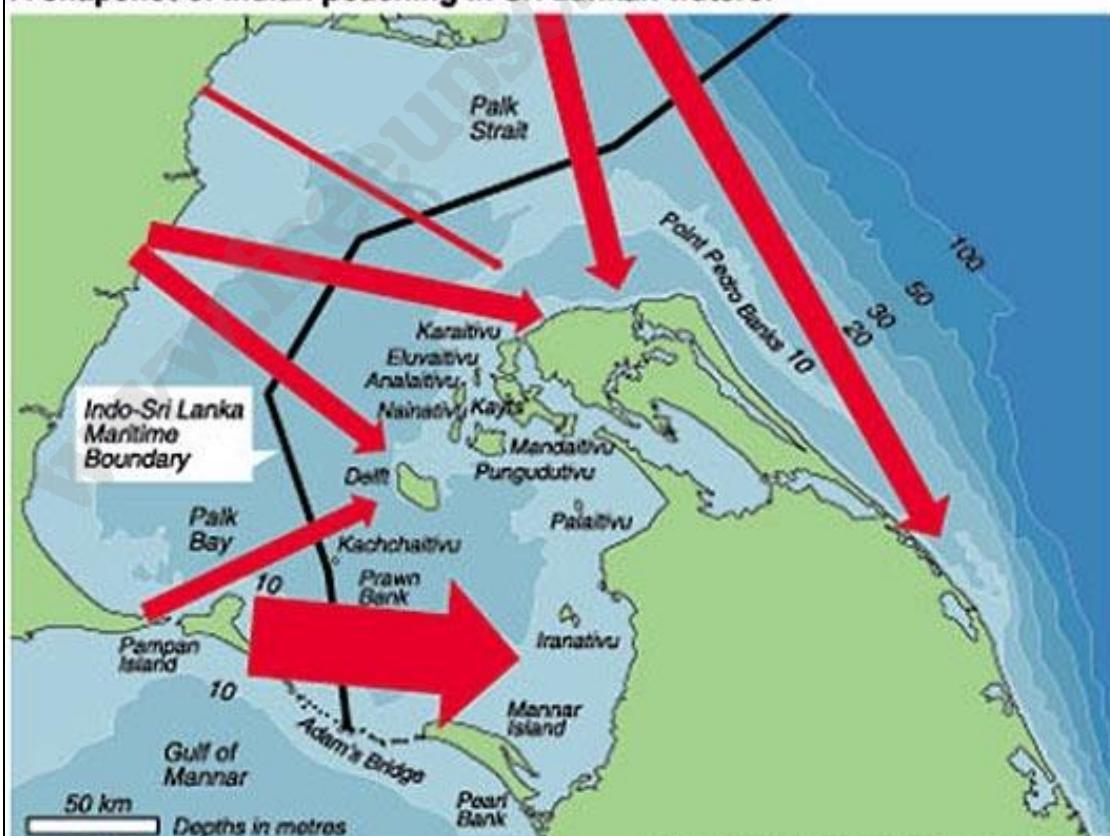
Fisherman Issues

Given the proximity of the territorial waters of both countries, especially in the Palk Straits and the Gulf of Mannar, incidents of straying of fishermen are common.

Problem mainly emerged only after a **maritime agreement** was signed by India and Sri Lanka in **1974**, wherein, **Kachchatheevu Island was gifted to Sri Lanka**, the Indian fishermen have been debarred from fishing around that rich fishing grounds around that Island leading to skirmishes and incidents. From the Indian fishermen point of view, historically, the contested waters belonged to India and they have every right to fish in the traditional waters.



A snapshot of Indian poaching in Sri Lankan waters.



ST Graphic: Nalin Balasuriya

Adapted from Scholten (2012) and Soosai and Stokke (2008)

MEA - India and Sri Lanka have agreed to set up a **Joint Working Group (JWG)** on Fisheries between the concerned ministries of both the countries as the mechanism to help find a permanent solution to the fishermen issue.

- First meeting took place in December 2016 in New Delhi and second meeting in Colombo on April 07, 2017. The next round of Ministerial-level talks and JWG meetings were held during October 2017 at New Delhi.
- The Indian side assured that **bottom trawling would be phased out in a graded time-bound manner** within a practicable timeframe **keeping in mind the capacity building of the fishermen** who have to be diversified into **deep sea fishing** as well as other coastal fisheries activities including **mariculture, pearl farming, seaweed culture**, etc.

Prof. V Suryanarayanan (Carnegie India) - Key Issues and proposed solutions:

1. Sovereignty of Kachchatheevu
 - get back the island of Kachchatheevu on “lease in perpetuity”
 - Would let Sri Lanka maintain ownership but Indian fishermen could continue to fish in and around Kachchatheevu.
 - E.g. Tin Bigha case (1974), India-Bangladesh boundary agreement gave India sovereignty over Tin Bigha, but a lease in perpetuity later enabled the Bangladeshis to use it for civilian purposes.
 - Permit licensed Indian fishermen to fish within a designated area (e.g. 5 nautical miles) of Sri Lankan waters and vice versa.
 - There is precedent in the 1976 boundary agreement, which allowed licensed Sri Lankan fishermen to fish in the Wadge Bank (a fertile fishing ground located near Kanyakumari) for a period of three years.
2. Poaching and Trawling - further limiting the days, timeframe, and location for fishing and an immediate end to bottom trawling
 - Trawlers have been referred to as the “hoovers of the shelf bottom” and “bulldozers mowing down fish and other benthic species.”
 - Indian fishermen point out that unless its government introduced **concrete steps to buy back trawlers**, it would not be possible to stop trawling operations. The government should implement a buy-back arrangement as soon as possible. There is unlikely to be much opposition from trawler owners and fishermen because they know the reality.

India must view the Palk Bay region as a common heritage of the two countries and project this vision. We can form a **Palk Bay authority**, comprising fisheries experts, marine ecologists, fishermen's representatives, strategic specialists, and government officials.

In his effort to transform India-Pakistan relations, former Indian PM Manmohan Singh emphasized that while he cannot alter the existing borders, he can try and make them irrelevant. That vision of cooperative frontiers in the subcontinent has had broad support from PM Modi as well. This rare moment of political opportunity is too valuable to miss.

Economic Relations

- India-Sri Lanka FTA entered into force in March 2000. According to Sri Lankan Customs, bilateral trade in 2016 amounted to US \$ 4.38 billion. However, it is mostly one-sided in favour of India.
- **Development loans and line of credit** -almost one-sixth of India's development loans go to Sri Lanka.
- There is considerable **private sector investment** from India in Sri Lanka and from Sri Lanka into India. The areas both of cooperation between both the countries are petroleum, IT, Financial Services, Real estate, telecom, hospitals, tourism, banking, food processing etc.
- Indian railways are offering special package for Sri Lankan **tourists** to come to India. India has introduced **e-visa** for Sri Lanka.
- India is the fourth biggest investor in Sri Lanka. Since 2003 we have invested about \$1 billion in Sri Lanka.
- Negotiation of proposed trade pact **Economic and Technology Cooperation Agreement (ETCA)** an extension over the existing FTA is underway:
 - cooperation in technical areas,
 - scientific expertise and research amongst institutions,
 - boost standards of goods and services
 - Capacity building initiatives

CHINA ANGLE

The main objective of Chinese is to ensure the security of its sea lanes, especially unhindered flow of critically-needed energy supplies from Africa and West Asia.

Sri Lanka is seen as “an important hub on the Maritime Silk Road” by China. China had voted in favour of SL in US sponsored UNHRC resolutions.

- China has displaced Japan as Sri Lanka’s major aid donor with an annual package of \$1 billion.
- Bilateral trade has doubled over the last five years with China emerging as the third largest trading partner of Sri Lanka.
- China is Sri Lanka’s largest foreign investor and lender. China is now supplying over half of all the construction and development loans Sri Lanka is receiving.
- First foreign nation to have an exclusive economic zone in Sri Lanka.
- Some of the important infrastructure projects developed by China in the island state include Hambantota port, Colombo Expressway, Coal Power Project, and Mattala Airport etc.
- Funding from China accounts for more than half of Sri Lanka’s construction and development loans. In value terms, it is estimated at over USD 6 billion- more than any other country.

Sri Lanka paying the price of China’s Debt-Trap Diplomacy (Brahma Chellany)

Several of the projects that have been completed are now bleeding money.

- Sri Lanka’s Mattala Rajapaksa International Airport, which opened in 2013 near Hambantota, has been dubbed the world’s emptiest.
- Likewise, Hambantota Port remains largely idle
- For China, however, these projects are operating exactly as needed: Chinese attack submarines have twice docked at Sri Lankan ports.
- Sri Lanka formally hands over Hambantota port on 99-year lease to China (Dec. 2017)

India to operate “world’s emptiest airport” - Mattala Rajapaksa International Airport in Hambantota (July 2018)

- India would operate the airport as a Sri Lanka-India joint venture. The joint venture would see India gain a major stake of the airport.

- The only international flight operating from there was halted in May 2018 due to recurrent losses and flight safety issues. The seaport built in Hambantota has been leased to China (for 99 years) to set off Chinese loans as equity.

New York Times report revealed that a Chinese company funded former President Mahinda Rajapaksa's 2015 election campaign, with \$7.6 million. China and Mr. Rajapaksa have denied the allegations. (July 2018)

C Raja Mohan: You might blame China for many things, but not for India's much-delayed regionalist epiphany.

- That China is a major economic partner for Colombo and other regional capitals can't be a surprise. After all, China is now the world's second largest economy.
- How come Delhi, despite its size and proximity, has to "compete with Beijing" in the Subcontinent?
 - India had checked out of the business of regional integration **after Independence. Delhi deliberately chose to discard economic regionalism — in the name of self-reliance.**
 - In the reform era that began at the turn of the 1990s, Delhi has surely tried to undo the damage. But the effort was too weak to overcome the political burdens that weighed down India's neighbourhood policy. Unfortunately for India, it also coincided with China's rise and the dramatic expansion of its regional commercial influence.
- **Modi's "Neighbourhood First" policy is in essence about promoting regional economic integration.** Sustained diplomacy has begun to pay off with Dhaka. Delhi might need lots of patience, much hard work and a bit of luck to produce similar economic advances with Colombo.

India – Bangladesh relations

India was the first country to recognize Bangladesh as a separate and independent state immediately after its independence in December 1971. The relationship between India and Bangladesh is anchored in history, culture, language and shared values of secularism, democracy, and countless other commonalities between the two countries. ([MEA](#))

Recent High Level Visits and Exchanges

PM Modi, Bangladesh PM Sheikh Hasina and West Bengal CM Mamata Banerjee met in Shantiniketan in May 2018 for the inauguration of the “Bangladesh Bhawan” Tagore museum, and for the Visva Bharati University convocation. However, no formal talks were scheduled.

- PM of Bangladesh Sheikh Hasina paid a State Visit to India in April 2017.
 - [**Joint Statement \(April 2017\): India and Bangladesh –A Fraternal Relationship**](#) (A unique phrase used for a unique relationship)
 - During the visit, 36 bilateral documents were concluded in areas such as of Civil Nuclear Energy, Space, Information Technology, Defence, Capacity building etc.
 - A 3rd Line Of Credit (LOC) worth US\$ 4.5 billion was also extended to Bangladesh.
 - The two PMs presided over a commemorative ceremony in honour of Indian martyrs of Liberation War of Bangladesh.
- Prior to this visit, PM Hasina had visited India in October 2016 to participate in the BRICS-BIMSTEC Outreach Summit.
- PM Modi paid a State visit to Bangladesh in June, 2015.
 - Exchange of instrument of ratification for India-Bangladesh Land Boundary Agreement (LBA) and a 2nd Line of Credit (LOC) worth US\$ 2 billion.

Recently, the Bangladesh Foreign Minister A H Mahmud Ali attended the last rites/funeral of former PM Atal Bihari Vajpayee.

What are India's main objectives in Bangladesh?

- To secure **connectivity to the North East**;
 - Both signed the BBIN Motor Vehicle Agreement.
- Ensure that it does not become a launch pad for **anti-India activities**, including **terrorism** and **insurgencies**;
- Ensure that it does not fall in the **Chinese embrace**.
- **Illegal immigration** continues to be a major worry for India.
 - Central Government is vested with powers to deport a foreign national under section 3(2)(c) of the Foreigners Act, 1946, under which the powers also been delegated to the State Governments/ UTs and the Bureau of Immigration.
 - The Indo-Bangladesh Border covering 5 states of India including Assam, Meghalaya, Mizoram, Tripura and West Bengal is 4096 km long.
 - Border security infrastructure of fence, roads, floodlights and border out posts (BOPs) in 1/3rd length of the border is yet to be started mainly due to land acquisition issues.
 - **Assam NRC** being updated - [**Quietly, Delhi kept Dhaka in Assam NRC loop**](#) and assured them that there was no talk of “deportation” to prevent a slide in bilateral ties.

What are Bangladesh's main objectives?

- Secure the flow of river waters, especially of the **Teesta**,
- Maintain an **independent foreign policy**. Some sections in Bangladesh are wary of a formal defence relationship with India for the fear of being drawn too close to Delhi.
- Secure easy and continuing **market access** in India.
 - Trade figures have gone up to \$7 billion, though the adverse trade balance remains an issue. India has tried to offset the **trade imbalance** by providing Lines of Credit and grants.
 - A more fundamental solution will be when Indian companies invest in the SEZs and export manufactured products back to India, redressing thereby the adverse trade balance.

Nuclear Energy cooperation - a new area of cooperation (PIB)

- Tripartite agreement between India, Russia and Bangladesh to cooperate for the construction of the **Rooppur Nuclear power Plant**.
- **Anil Kakodkar** said, it will start a “new chapter of regional cooperation in the field of nuclear energy”.

Two Key long-standing disputes resolved:

- India-Bangladesh **Land Boundary Agreement (LBA)** - Exchange of instrument of ratification took place during PM Modi visit in 2015.
- **Maritime boundary** dispute in Bay of Bengal - India signed off on the award of an international tribunal.

Yet, some big political obstacles remain.

- **On the Indian side**, West Bengal CM has been reluctant to endorse the **Teesta waters agreement** that has become the touchstone for India’s good faith in Bangladesh.
- **On the Bangladesh Side** - Many in Bangladesh are nervous that Dhaka under Sheikh Hasina might be drawing too close to India. They are especially concerned on the expanding defence cooperation between the two countries. Some others see Delhi trying to limit or constrain the unfolding strategic partnership between China and Bangladesh.
 - **Joint Statement** on Defence Framework during PM Hasina visit in April 2018: A **\$500 million line of credit (LoC) for defence procurement** by the Bangladesh military forces, the largest such LoC India has extended to any country so far.
 - Bangladesh will not be bound to use it to source its supplies only from Indian companies. This is India’s way to reposing confidence in the Hasina government that it will not challenge New Delhi’s vital interests.
 - India-Bangladesh joint military exercise SAMPRITI.

What are sets of issues at the root of the residual political? (C Raja Mohan)

1. **Question of size and significance.**
 - Delhi’s insufficient strategic appreciation of the importance of Bangladesh. Dhaka, in turn, has found it hard to stop seeing itself as a small country facing a large and insensitive neighbour.
 - The time is now for Delhi and Dhaka to get out of the “**big-brother-small-neighbour**” syndrome.
2. With a border of nearly 4,060 km — India’s longest with any country — **Delhi has no reason to see itself in competition with Beijing in Bangladesh.**
 - Focus on the geographic imperative between Delhi and Dhaka.

- The partition of the subcontinent and the inward economic orientation of India and Bangladesh meant the two sides were working against the logic of geography than with it.
- Merits of reconnecting Sonar Bangla, and also India's northeast.

3. Bangladesh's leadership role in the subcontinent and beyond.

- It is Bangladesh that took the lead in promoting South Asian regionalism.
- Dhaka also has the central role in shaping the future of sub-regional cooperation with Bhutan, Burma, India and Nepal.
- It is also a land bridge to East Asia and the fulcrum of a future 'Bay of Bengal community'.

Growing mutual trust and political comfort between Delhi and Dhaka, **backed by Kolkata**, will have one long-term consequence. It will restore the centrality of Bengal and its hinterlands that once decisively shaped the history of Asia and the Indian Ocean.

Amb. Pinak Ranjan Chakravarty: India-Bangladesh ties have entered an era of consolidation and expansion.

A kind of **trilateral** between **India, Bangladesh and Myanmar** in the Bay of Bengal region could be worked out. Later it could be expanded to include Thailand and Indonesia. We will have to think about the **maritime domain** in a far more holistic and detailed manner. MoD and MEA would need to work in collaboration in this aspect.

Vivek Katju:

- Unlike the past, Bangladesh under Hasina has cooperated with India on security issues. It has also proceeded to incrementally expand connectivity. It is combating fundamentalist Islamic forces that are reflexively pro-Pakistan.
- Thus, From India's perspective, a positive political future for Hasina is a positive for bilateral ties. In this context, the Teesta issue gains even more significance and can queer the pitch. Modi's political and diplomatic skills will be put to test, especially when China is enlarging its presence in India's neighbourhood.

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The Teesta water dispute: Geopolitics, myth and economics

Teesta's catchment area supports 8.5% of Bangladesh's population — roughly 10 million people — and 14% of crop production.

Bangladesh wants 50% of the river's water supply, especially in the months between December and May annually, while India claims a share of 55%. According to the FAO of the UN, the ratio of Bangladesh's external dependency for water is over 90%. A fair amount of that water comes through India.

Of the Teesta's catchment area, 83% lies in India; the remaining 17% is in Bangladesh. Negotiations have been on since 1983, when a preliminary arrangement had allocated 39% for India and 36% for Bangladesh. A lesser share for Bangladesh takes into account a groundwater recharge that takes place between the two barrages on the Teesta — at Gazaldoba in Jalpaiguri on the Indian side and at Dalia in Lalmonirhat in Bangladesh. The remaining 25% was left unallocated for a later decision, especially because the regular flow of a small quantity of water (in the case of the Teesta, 450 cusecs) is imperative for the life of a river.

In 2011 when Delhi and Dhaka reached another agreement — an interim arrangement for 15 years — where India would get 42.5% and Bangladesh, 37.5% of the Teesta's waters during the dry season. Given that the TMC was a key coalition partner of the central government at the time, and that water is a state subject under the Indian Constitution, there was no way to ink the deal without the chief minister's stamp of approval.

Concerns of West Bengal

- Dependence of 6 districts of North Bengal.

Concerns of Sikkim:

- Environmental concerns - The Lepchas of Sikkim sat on hunger strike for over 900 days against the construction of a hydel project.

Delhi and Dhaka have the advantage of a **Joint River Commission (JRC)**, set up in 1972 after Bangladesh won independence precisely for the purpose of water management.

- JRC has not met since 2011.

Joint Statement (April 2017) on Teesta and other Water sharing issues:

- Conclusion of the Interim Agreement on Sharing of the Water of **Teesta** as agreed upon by both governments in January 2011 is due. Meanwhile discussions on various aspects relating to sharing of waters of the **Feni, Manu, Muhuri, Khowai, Gumti, Dharla and Dudhkumar rivers** are also going on.

Conclusion: Over 21% of the global population lives in Asia, but it is home to only a little over 8% of the world's water resources.

- Use the institutional mechanism at its disposal – the Joint Rivers Commission – to create a set of norms and guidelines to regulate the use of not just the Teesta but all transboundary rivers shared with Bangladesh; and
- Promote sustainable conservation, develop better ways to combat pollution, and manage existing water supply and resources better.

PM's Modi said that "rivers should nurture the India-Bangladesh relationship and not become a source of discord" actually comes to life.

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Rohingya issue

Rohingyas are minority Muslim community in predominantly Buddhist Myanmar reside mainly in the **Rakhine** province (also known as the **Arakan** region).

2012: Major Buddhist-Rohingya riots; large no. of Rohingyas **fled to Bangladesh.**

The **roots of the problem** go back to more than a century (didn't begin therefore in 2012). The Burmese ethnic group has always been sensitive and find it difficult to accept any outside migrants in their community (for e.g. Rohingyas). The Rohingyas were not given statehood, not considered a nationality unlike the Shans, Wa etc. This is not peculiar to Rohingyas only, as even the Indians who have settled in Myanmar (about 400,000 in number) have also not been given nationality in Myanmar.

The issue is thus **cultural** (ethnicity), **religious** (Buddhist Sangh is militant and Islam worldwide is becoming militant); Rohingyas themselves used militancy at one point as in 1942 they were the instruments of oppression against the Burmans mobilized by British) and **political**.

There are **news of a new allegedly Islamic insurgent group named 'harakat al-yaqeen'** comprising of Rohingya Muslims having links in Saudi Arabia, Pakistan, Dubai and Bangladesh and possibly India. This could become a security issue for India as well.

Muslim nations, human rights organisations, the western media, the UNHRC, and elements within Myanmar have combined to project how the icon of democracy, Suu Kyi, failed to stop and condemn the atrocities committed by security forces against Muslims in **Rakhine state**.

Prof. Baladas Ghosal: The main issue is the issue of legitimacy. **Rohingyas are not really an ethnic group, it is a political construction.** There were Muslims living in that region from 9th century and there was no problem in the period ruled under Arakan Kingdom. The major part of migration took place from Bangladesh area (then undivided Bengal) in the 20th century along with colonial powers under the British Burma during that period. So, they **are mainly Muslims of Bengali origin**. Infact it is difficult to give them a single identity.

So, if they claim themselves to be as Muslims, then there of course wouldn't be any problem. But the problem is that they are claiming themselves as an ethnic group and as we know Burma is patterned along ethnic sort of identities (states in Burma are known by their ethnic names). Now, if Rohingyas are recognised as an ethnic group, then they would also claim an ethnic state and this is the real fear of the Rakhine Buddhists.

Actually, the repeated mention of them as 'Rohingyas' by the International Media validates the narrative of essentialising a Muslim identity in Rakhine state and that is what the Rakhine Buddhists are afraid of. That is why the Myanmar government calls them 'Bengalis'.

Amb. Preet Malik: "The 'Rohingyas' nomenclature will have to disappear, but that is not going to be easy to do."

Amb. Vivek Katju says he is somewhat **pessimistic about any early resolution** of this issue for two reasons:

- i. Myanmar Army, is not an easy army to change, and
- ii. Buddhist Sangh in Myanmar is a very aggressive Sangh.

Amb. Rajiv Bhatia: That the Rohingyas have been subjected to brutal suppression cannot be contested, but critics tend to ignore the complexity of a problem that has defied solution for decades. The NLD did not create it nor is its government directly **in charge of security and border affairs**, which is **handled by the military** under the constitutional power-sharing formula. To expect Suu Kyi to play the role of the government's public critic, while serving in office, is unrealistic. Her endeavour has been to urge restraint so that conditions become conducive to devising practical solutions. She set up the **Kofi Annan Commission** to study the problem in depth and suggest long-term solutions. She has also spoken of the need to stop violence in the region. This is a practical approach, especially as **much of the Bamar majority community is under the sway of anti-Muslim sentiments today**.

Amb. M K Bhadrakumar: The stability of Bangladesh as a moderate Muslim country rooted in eclectic values of secularism and democracy is of supreme importance for India. On the contrary, if Bangladesh gets infiltrated by 'jihadism', the virus will inevitably take India down at some point. Rakhine could be the incubator for creating the virus.

If **Aung San Suu Kyi** she gets discredited, Myanmar gets weakened and the legitimacy of state power to effectively counter terrorism will suffer. India should stand beside her and give her all the support she needs.

Pratap Bhanu Mehta on Rohingya Refugee Crisis: The Indian government's stance on the Rohingya refugees from Rakhine state in Myanmar is from a security point of view, imprudent; from a historical point of view, myopic; and from a moral point of view, untenable.

The problem with our current strategy is not that it is placing security over humanitarianism. It is that it is doing so in a way that is imprudent and likely to be self-defeating.

Pinak Ranjan Chakravarty: The Rohingyas have become the world's most unwanted people and the future looks quite bleak. Myanmar is unlikely to take back most of the refugees and Bangladesh will have to resettle them in new refugee camps and hope other countries will ease the burden by accepting some refugees.

Bangladesh, Myanmar sign deal (Jan. 2018): Bangladesh and Myanmar have agreed to repatriate 650,000 Rohingya refugees, who fled Myanmar's crisis-hit Rakhine province, in two years, according to an agreement signed between the two countries.

India's dilemma comes from the fact that it needs to have good relations with both Bangladesh as well as Myanmar for our own strategic reasons and thus cannot tilt to one side among the two. It is the test of India's diplomacy.

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Internal Political Situation in Bangladesh (Pinak Chakravarty)

General Elections, 2018

- The Bangladeshi general election is expected to be held between October 2018 - December 2018.
- The previous general elections, which took place in 2014, were boycotted by the main opposition party, the Bangladesh Nationalist Party (BNP) led by three-time former Prime Minister Khaleda Zia.

In February 2018, a special court in Bangladesh sentenced **former PM Khaleda Zia to jail over corruption** charges. Her son, Tarique Rahman, the acting head of BNP has also been convicted in the case.

There's little doubt that the Khaleda-Tarique combine headed a corrupt and extortionist government (2002-2006). Tarique and his younger brother (the late Arafat Rahman 'Koko') ran an extortion racket and a parallel government during Khaleda Zia's tenure.

During Khaleda Zia's premiership, Bangladesh and Pakistan joined hands to subvert India's interests.

- Support to Indian insurgent groups in the Northeast,
- Several Islamic extremist groups came into prominence. Tarique wanted to use these extremists to target the AL leadership and workers, while Pakistan wanted to use them against India.

In 2004, PM Hasina escaped a grenade attack at a rally in which several AL leaders and workers were killed, including the wife of the former president. Tarique is an accused in this case too.

Way forward for India: India has backed Sheikh Hasina and must continue to do so, given the track record of the Khaleda-Tarique regime. But in Bangladesh, there is a growing perception of misrule by the Awami League government even though Hasina has done a lot for the economic and infrastructure development of the nation. So India must be prepared to deal with a BNP-Jamaat (BNP's electoral ally) government in future and hope they would not commit the same mistakes vis-à-vis India once again.

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Bangladesh road-safety protests (29 July to 8 August 2018)

A series of public protests in Bangladesh advocating improved road safety were held from 29 July to 8 August 2018. They were sparked by the deaths of two high-school students in Dhaka struck by a bus operated by an unlicensed driver. The incident impelled students to demand safer roads and stricter traffic laws, and the demonstrations rapidly spread throughout Bangladesh.

The protests were peaceful until when police attempted to disperse the demonstrators with tear gas and people believed to be members of Bangladesh ***Chhatra League*** (student wing of Awami League) attacked protesters and journalists.

Following a live interview about the protests with Al Jazeera, photographer **Shahidul Alam** was detained by police. Alam was charged under **Section 57** of the **Information and Communication Technology Act**.

- The Act authorizes prosecution of any person who publishes in electronic form, material that is “fake and obscene; defamatory; may cause, ‘deterioration in law and order’; prejudices the image of the state or a person; or ‘causes or may cause hurt to religious belief.’”
- The Act is poorly drafted as it is very vague and broad.
- Seen as a **tool to muzzle the press and freedom of expression**. The maximum jail term is 14 years. And law enforcers were empowered to make arrests without a warrant.
- The **Indian Supreme Court** in March 2015 struck down almost a similar section, terming it unconstitutional - **section 66A of the Information Technology Act**.

Was the student protest aimed only at ensuring road safety? Or is it an outburst of people's frustrations against the government?

- Poor governance and law and order situation under AL government led by Sheikh Hasina.
- Government's intolerance of criticism; anybody who raises their voice is crushed with force.
- Government's tendency to use violence to put down protests. Similar to August 2018, previous protesters have been attacked by masked groups. It was the same for the students and job seekers protesting against government job quotas in April 2018.
- Attacks on the media are also common in Bangladesh. The disappearances of journalists and bloggers, their family members being followed, and so on are common and seldom reported.
- Issues of the infamous ICT Act.

The protest might be said to be an example of the frustration and anger present in society.

Video - Dissent in Bangladesh (Watch for clarity on internal politics in Bangladesh).

Europe – France, Germany, UK, Commonwealth, Nordics, GDPR, India-EU BTIA, BREXIT, EU challenges, NATO

1. India-France Relations

Broad overview of the India-France relations ([Amb. Rakesh Sood](#), Former Ambassador to France)

A shared world view

- As a country that has prided itself on its ‘exceptionalism’, France has always been sympathetic to similar Indian claims based on its ancient civilisation. This is why both countries were quick to voice support for global multi-polarity once the Cold War ended. French discomfort with the U.S.’s unipolar moment in the 1990s was evident when it described it as a ‘hyperpower’.
- In January 1998, President Jacques Chirac declared that India’s exclusion from the global nuclear order was an anomaly that needed to be rectified.
- After the nuclear tests in May 1998 when India declared itself a nuclear weapon state, France was the first major power to open dialogue and displayed a far greater understanding of India’s security compulsions compared to other countries. It was the first P-5 country to support India’s claim for a permanent seat in an expanded and reformed UNSC.

French President Emmanuel Macron visited India in March 2018. Links for the key documents signed during the visit:

- [MEA Joint Statement](#)
- [List of MoUs/Agreements signed](#)
- [India-France Joint Vision for Space Cooperation](#)
- [Joint Strategic Vision of India-France Cooperation in the Indian Ocean Region](#)

With the establishment of a Strategic Dialogue, cooperation in defence, civil nuclear, space, intelligence sharing and counter-terrorism has grown.

- **Defence cooperation** with France began in the 1950s when India acquired the Ouragan aircraft and continued with the Mystères, Jaguar (Anglo-French), Mirage 2000, Alizè planes and the Alouette helicopter. Joint naval exercises, later christened *Varuna*, date back to 1983.
 - An agreement for building six Scorpène submarines in India with French help was signed in 2005.
 - Technology sharing and acquisitions of short range missiles and radar equipment.
 - G2G agreement for 36 Rafale aircraft in a flyaway condition. The ambitious offset target of 50% (nearly ₹25,000 crore), properly implemented, can help in building up India’s budding aerospace industry.
- Cooperation in the **space sector** has continued since the 1960s when France helped India set up the Sriharikota launch site, followed by liquid engine development and hosting of payloads. ‘[Joint Vision for Space Cooperation \(2018\)](#)’ lists out some key areas:
 - Joint missions for space situational awareness,
 - High resolution earth observation missions with applications in meteorology, oceanography and cartography
 - Inter-planetary exploration and space transportation systems
- In the **nuclear field**, an agreement was signed about a decade ago for building six EPR nuclear power reactors with a total capacity of 2 9.6 GW for which negotiations have been ongoing between the NPCIL and Areva, and now EdF.
 - Work at Jaitapur will commence before the end of 2018.

- **Counter-terrorism:** Terror strikes in France in recent years by home-grown terrorists have enlarged the scope of counter-terrorism cooperation to include cyber security and discussions on radicalisation.
- **Climate change** and renewable energy resources, particularly solar, soon emerged as a new plank, reflected in the multilateral initiative of the [International Solar Alliance](#).
- **Trade** has grown in recent years but at \$10 billion is half of the trade with Germany.
 - In the past, Indian companies saw the U.K. as the entry point for Europe; now with [Brexit](#) approaching, Mr. Macron has cleverly pitched that India should look at France as its entry point for Europe and Francophonie!
 - **Smart Cities** - Chandigarh, Nagpur and Puducherry (electric mobility, water supply, waste management and smart grids).
- **Educational links** - Recent focus on youth and student exchanges. Currently about 2,500 Indians go to France annually to pursue higher education, compared to more than 250,000 from China. A target has been set to raise it to 10,000 by 2020.
- **Tourism** - France receives over 80 million tourists a year and India just around nine million.

Indian and France Maritime Security Cooperation in the Indian Ocean Region

Like India, France has expressed concern about China's growing presence in the Indian Ocean Region. During [President Macron's visit to India in March 2018](#), a [Joint Strategic Vision in the Indian Ocean Region \(2018\)](#) was signed.

To deepen their cooperation in three important areas: mutual logistical support, shared maritime domain awareness and collaboration with third countries.

The [agreement on logistical support \(similar to LEMOA with the US\) gives India and France access to each other's military facilities](#) and extends the reach of both navies in the Indian Ocean.

French presence in the Indo-Pacific:

- Islands of **Réunion** and **Mayotte** (Mozambique channel) in the Indian Ocean and **New Caledonia** and **French Polynesia** in the South Pacific.
- France the largest EEZ in the world (11 million sq. km.)—62 % of which is in the Pacific and 24 % in the Indian Ocean.
- Military presence in **Djibouti** and **Abu Dhabi**.

C Raja Mohan: As middle powers face an increasingly uncertain geopolitical environment, both India and France are eager to deepen their security partnership and strengthen their positions in the Indian Ocean.

- It would help India overcome the legacy of military isolationism and lend credibility to its claims as a “net security provider” in the Indo-Pacific and to its aspiration of being a “leading power.”
- For France, India lends extraordinary political and strategic depth to the French position in the Indo-Pacific and helps sustain its role as a great maritime power in the East.

C Raja Mohan argues that France could be India's new Russia. Alliance with Paris promises stability in Eurasia and Indo-Pacific as Delhi recalibrates ties with Moscow.

- An alliance with Paris, in pursuit of stability and security in Eurasia and the Indo-Pacific, does not mean Delhi abandons its engagement with Moscow and devalues its strategic partnership with Washington. A recalibration of India's ties with Russia has been unfolding, slowly but surely, since the end of the Cold War.

- The US, on its part, can only be pleased that India and France are ready to take larger responsibilities and share the burden for maintaining regional and global order.

The India-France Strategic Partnership launched in 1998 seems finally to have come of age.

2. India-Germany relations

India and Germany have a 'Strategic Partnership' since 2001, which has been further strengthened with the Intergovernmental Consultations (IGC) at the level of Head of Governments which allows for a comprehensive review of cooperation and identification of fresh areas of engagement. India is amongst a select group of countries with which Germany has such a dialogue mechanism.

During 2017, PM Modi visited Germany twice: the first was a bilateral visit on May 29-30, 2017 to Berlin for the 4th IGC and followed by a visit on July 6-8, 2017 to Hamburg to attend the G20 Summit.

Indo-German Strategic Partnership is based on common values of democracy, free trade and a rule-based international order.

Promoting Security, Stability, and Sustainability contributing to a Rules Based Global Order

- G20 - Challenges to global economic stability and growth.
- Support for NSG
- G-4 - Reform of the UNSC, discussions towards initiation of text-based negotiations.
- Freedom of navigation in international waters, the right of passage and other maritime rights and obligations in accordance with the UNCLOS and other principles of international law.
- Defence cooperation - To conclude negotiations on a binding agreement concerning enhanced cooperation in the defence field including in defence industry cooperation.
- Joint Working Group on Counter Terrorism.
- Joint Declaration of Intent on German-Indian Cooperation on Cyber Policy.
- Exploring the possibilities to cooperate in their assistance to African Countries.
- Climate Change - Implementation of the Paris Agreement with a timely transformation to low-carbon inclusive sustainable economies.
- Trade & Economy - Negotiation on EU-India BTIA

Economic & Commercial Relations: Germany is India's largest trading partner in Europe. India was ranked 24th in Germany's global trade during 2016. Bilateral trade in 2016 was valued at €17.42 billion.

Defence & Security

Germany's military is principally structured to defend Eastern Europe and to supporting NATO operations in the Western European theatre of operations. Unlike UK and France, Germany not only does not have any sovereign territories in the Indo-Pacific region but is also incapable of power projection.

- India and Germany maintain an ongoing dialogue in the areas of commercial maritime security and cooperate in the field of anti-terrorism. The Indian Navy and the German Navy conduct joint-exercises since 2008.
- Manpower limitations and armament restrictions imposed upon Germany through the 1990 Treaty on the Final Settlement with Respect to Germany prevent it from developing expeditionary forces and blue-water assets.

Hostile public sentiment in Germany towards overseas combat operations and the inability of Germany to independently sustain high-intensity long-range military deployments are obstacles to a meaningful strategic defence and security relationship.

Shyam Saran: Europe continues to be an important source of **capital and technology** which India needs for its own development. Focusing attention on relations with Germany which is the most powerful and now increasingly assertive player in European affairs has been a good move on the part of the Modi government.

C Raja Mohan: The current uncertainty in the relations between America, China and Russia demands that India move closer to the European middle powers — France and Germany. Delhi must also devote more attention to other parts of the continent, from Spain to Sweden and Portugal to Poland, that have so much to offer India.

After the Cold War, and the historic rapprochement between the West and Russia, India did announce the intent to construct bilateral strategic partnerships with Germany and France and collectively with the European Union. Although these partnerships have grown, they have hardly flourished. Europe has been preoccupied with its own integration, India on its neighbourhood and the major powers. Europe and India have remained loveless after the Cold War.

C Raja Mohan - Delhi has ignored Central Europe and neglected the EU. It's time to correct the imbalance. (Dec. 2017)

If the Great Himalayan barrier and post-Partition geography have made it hard for India to develop connectivity with inner Asia, Delhi has been reluctant to walk through the open door in Europe. Focused as it is on bilateral relations with France, Germany and Russia, Delhi has neglected the European Union and ignored Central Europe. Correcting this imbalance is the first step towards a more purposeful Indian engagement with Eurasia.

3. India-UK relations

India and Britain share a very long historical, cultural, economic and political relationship. After Independence, India remain part of Commonwealth and it has played a crucial role in shaping India-Britain relationship.

- **Trade:** Bilateral trade at \$14 billion falls far short of their \$30 billion goal announced in 2010. After Brexit India and UK held talks on the possibility of inking a separate U.K.-India FTA
- **Diaspora:** Currently more than a million Indian lives in UK contributing a great part of Indian diaspora there. Indian students especially in undergraduate courses forms a major chunk of our diaspora. But recent visa restrictions to non-EU countries caused apprehensions in the minds of Indian investors. In 2010 UK imposed strict immigration laws which has reduced the number of students in UK up to 25%.
- **Multilateral cooperation:** India and UK cooperate at the EU, G-20 and UN. UK supports India's inclusion in UNSC as a permanent member.

Indian High Commissioner Y.K. Sinha: There was an “undue focus” on the FTA with India, and with the few FTAs India had signed globally, expecting one in the immediate aftermath of Brexit might be “expecting too much.” Other **issues on terrorism, security and beyond also had to be confronted.**

Some irritants in the relationship:

- i. **Britain's willingness to tolerate "anti-India activity."**
 - Some examples:
 - Rally to commemorate the first death anniversary of Burhan Wani.
 - Pro-Khalistan rallies - We are back where we were in the 1980s where the issue of Sikh militants was one of the biggest impediments to stronger relations.
 - The argument that Britain was an open society that had to allow such activity to take place didn't work, as India was a "robust democracy" but didn't interfere in internal affairs of friends and allies.
- ii. Britain had become a "**haven for fugitives from justice**". Vijay Mallya, Lalit Modi, Nirav Modi and many others.
- iii. **Playing Pakistan's apologist.**
 - Vivek Katju: British have always sought to absolve Pakistani official institutions and agencies of using terrorism as an instrument of state policy even while weakly urging them to do more to contain the actions of the jihadi groups.
 - The British have to be told that the game that they have played for the past seven decades of equating India and Pakistan has to come to an end and that they should focus on stopping Pakistani support of terrorism and not be that country's apologists.
- iv. **Visa issues.** e.g. U.K. excludes India from relaxed student visa rules. UK needs to make it easier for Indians to come to Britain.

British concerns

- Demands around opening up of financial and legal services in India, and its opposition to India's visa and mobility demands as part of any agreement.

Commonwealth Heads of Government Meeting (CHOGM) 2018

Commonwealth is a 53-nation forum. The post-Brexit environment presents an opportunity for Indian-UK cooperation to remap the Commonwealth for the two countries' mutual benefit. Britain seems to be looking to the Commonwealth as an alternative channel for safeguarding its economic and trade interests. According to reports, the UK is interested in building a stronger partnership with India.

- **Charles, the Prince of Wales** visited India in **November, 2017**.
- **CHOGM 2018** (April 2018) - **Prince of Wales will be the next Head of the Commonwealth after the Queen.**
- PM Modi attended the CHOGM 2018, first time since CHOGM 2011 that a PM of India has attended the summit. Indian PM didn't attend the CHOGM in 2013 and 2015.

C Raja Mohan - Commonwealth in the time of Brexit - India could play a key role in its revival (Nov. 2017)

- For a Britain that is reinventing itself politically after Brexit, the Commonwealth has become an important forum to recalibrate London's international relations.
- For a rising India, the Commonwealth is the most natural theatre to demonstrate its credibility as a "leading power". With a globally dispersed membership — from the Caribbean to the South Pacific and Southern Africa to East Asia — the Commonwealth can easily reinforce India's expanding international footprint.

Central to a new Indo-British partnership would be an equitable framework for bilateral burden-sharing..

In moving towards greater engagement with the Commonwealth, Delhi must, however, steer clear of four pitfalls.

- i. Fallacy of a reformed Commonwealth as “Empire 2.0”.
 - Negotiating favourable terms is far more important for Delhi than proclaiming that the Commonwealth is a colonial relic. The debate on the Commonwealth can't be about its past. It must be about its future.
- ii. The pretense that reform and renewal of the Commonwealth are only about tinkering with the status quo.
 - Avoid roles that are of little strategic consequence today. E.g. pushing democracy and human rights down the throats of other states.
 - Focus on bringing greater economic prosperity through an enhanced trade and investment relationship.
 - Direct its aid and assistance to a few major priority areas rather than spreading its resources on a range of issues.
- iii. Allure of leadership.
 - Delhi's emphasis, instead, must be on strengthening India's contribution to the Commonwealth.
 - India can significantly increase its levels of economic assistance, give more to the maintenance of the Secretariat, boost the current efforts on capacity building, and above all, open its economy to facilitate trade liberalisation across the Commonwealth.
- iv. Reviving the Commonwealth is not about India taking over from Britain. It is about reordering the relationship between Delhi and London.
 - Britain is yet to do what most other Western powers have done. It is to recognise that India's rise is in their own national interests. Britain has remained somewhat hesitant to align with India on the regional issues in the Subcontinent and beyond.

Prof. CSR Murthy: India and the Commonwealth: Redirecting the Relationship (April 2018)

- The Commonwealth could be redesigned to work at the level of viable regions and with multispeed mechanisms. e.g. Subgroup of Asia Pacific countries. There are eighteen such countries.
- The Commonwealth could provide a discrete, viable platform to bring together Asian and South Pacific countries on security and economic issues. The advantage of forging such a subgrouping is that it would not include the United States, whose presence may otherwise send alarm bells ringing in Beijing.

Former foreign secretary Krishnan Srinivasan once argued that India should be more invested in the Commonwealth because “above all, in the Commonwealth, when India speaks, everyone listens,” unlike in the Nonaligned Movement and the United Nations.

Harsh Pant - Modi and CHOGM 2018: Reimagining the Commonwealth (April 2018)

As a nation that is seeking to play the role of a “leading power” in the global arena, New Delhi should not shirk this responsibility as the Commonwealth will be one platform where Chinese presence will not hinder Indian ambitions.

Vivek Katju: Denying Democracy to itself (April 2018)

- The Commonwealth is and will remain, at its core, a British enterprise. The fact that its leadership of the organisation, even if it will be symbolic, will remain with the British Royal family points in

that direction. For India in 2018, *Parivaarvad* should be as unacceptable as in modern international organisations.

- Some commentators have mentioned that commonwealth is of special importance to India as China is not part of the group. China's shadow looms over many member states of the organisation. It offers a different model of political practice and development and as it is eager to foster an international constituency it is leveraging its financial clout through assistance packages. Unless the larger Commonwealth countries can match China, its embrace will increase.
- The cement that truly binds small states to major powers is material assistance not the attraction of democratic practices.

Meghnad Desai: An obsolete structure (April 2018)

The UK ought to surrender the idea of monarchic succession to the headship of the Commonwealth. To make it a genuine global organisation, it should create a council of five with one member from each continent. The headship can rotate. As a first step, Prince Charles should renounce his claim.

India forced a change in the Commonwealth back then; let it lead the new structure now.

4. Nordic Countries

Joint Press Statement from the Summit between India and the Nordic Countries (April 2018)

Some of the key areas for practical cooperation as also outlined in the joint statement are.

- **Technological Innovation** - Learning from the Nordic approach of a strong collaboration between public sector, private sector and academia, synergies with India's rich pool of talent and skills could be identified.
 - Nordic solutions in maritime sector, port modernisation, food processing, health, life-sciences and agriculture.
- **Social Sector/Efficient welfare state** - can be important partner for India's experiments to strengthen its social sector through technological and policy innovation.
- Nordic Sustainable Cities Project aimed at supporting the **Smart Cities Program** of the GoI. Urban waste management.
- Climate change (for the implementation of Paris agreement) – Clean technologies, Renewable energy, urban waste management.
- **Trade and investment** - Sweden's investment in India through 'Invest India' and Indian investment in Sweden through 'Business Sweden'.
- Women's skills development and empowerment.
- Space and Science - particularly in Earth observation, planetary exploration and satellite ground station activities.

Strategic convergence in areas like:

- **Defence** cooperation - **Sweden** might be neutral but it always had strong defence industry. It can help lay the foundation for a strong defence industrial cooperation. E.g. aerospace partnership around the sale of **Gripen** fighter aircraft.
- Support for India's application for membership of the **NSG**.
- India's candidature for a permanent seat in a reformed **UNSC** expanded with both permanent and non-permanent members.

C Raja Mohan: Nordic cool (April 2018)

PM Modi's meeting with the region's leaders could end India's neglect of a part of the world that has punched above its weight in diplomacy.

India's political discovery of the Norden this week should also be the first step towards a more substantive outreach to different sub-regions of a very diverse continent — from the Baltics to the Balkans to Iberia to Mitteleuropa.

Amb. [Vivek Katju](#) says that mature countries set troublesome issues like Bofors aside while continuing to foster international ties in areas that are in their interest. It is only if a country acts in a dubious manner, as **Denmark** did in the [Kim Davy](#) matter (Purulia arms drop case 1995) that comprehensive negative steps need to be taken.

5. EU's General Data Protection Regulation (GDPR)

EU's GDPR came into force across Europe in May 2018. The objective of the GDPR is "to harmonise data privacy laws.

About EU's GDPR:

- GDPR ensures data protection and privacy for all those living within the EU, and also prevents the export of personal data outside its territories.
- It deals with 3 primary areas: personal data, consent for its use, and privacy by design.
- GDPR's push for the right of access gives users in EU the ability to ask for what information a company has about them. This can be followed through with requests for correction or even erasure.

[India, EU and the privacy challenge](#) - In 2016-17, nearly a quarter of India's IT-enabled exports went to the EU.

- Provision of these services often requires the collection of data from EU citizens. The EU regulation makes exporting harder by making data transfers more difficult.
- Data transfers to a non-EU country will henceforth be permitted only if the latter enacts a national privacy law equivalent to the EU law.
- The risk is that such prematurely stringent privacy laws could hamper the development of domestic markets of EU because operating costs would increase.

Way forward:

- A Model: To safeguard transatlantic data flows, the EU and the US negotiated an agreement called the "[Privacy Shield](#)" framework.
- Under this agreement, US firms promise to protect the privacy of European citizens to EU standards in return for unrestricted data flows. The firms' commitment is monitored and enforced by US institutions, notably the Federal Trade Commission and the Department of Commerce.
- Under WTO law on services trade, the EU is required to offer other countries an opportunity to negotiate comparable arrangements.

Such an arrangement would have big advantages over existing options.

- Indian firms serving the EU market would not be required to establish a presence in the EU or accept rules and contracts that are costly and time-consuming. The assessment of conformity with EU standards would take place at home by domestic regulators.

- India would not need to pass a national privacy law whose stringency is determined by foreign norms. It would be free to create domestic standards to meet domestic needs, while following foreign standards for specific export markets.

This would thus avoid a conflict between two vital development goals — preserving access to foreign services markets for its exporters and improving access to services for its citizens.

Given that EU hasn't accorded '**Data secure country**' status of India, operations b/w Indian & European firms may get difficult. This also has implications for India-EU BTIA (Board-based Trade and Investment Agreement).

6. India-EU Broad-based Trade and Investment Agreement (BTIA)

The 13th India-EU Summit held after a gap of four years in March 2016 in Brussels, was the spotlight of India-EU bilateral relations. The EU as a bloc of 28 countries is India's largest regional trading partner while India was the EU's 9th largest trading partner.

India and the EU are in the process of negotiating a bilateral Broad-based Trade and Investment Agreement (BTIA) since 2007. Even after a decade of negotiations, India and EU have failed to resolve certain issues which have led to a deadlock. As of late, both sides are discussing the modalities of resumption of BTIA talks on a fast track.

There are Joint Workings Groups on Textiles and Clothing, Agriculture and Marine Products, Technical Barriers to Trade and Sanitary and Phyto-sanitary Issues, Pharmaceuticals and Biotechnology (SPS/TBT) as well as Food Processing Industries to enhance sector-specific cooperation.

A Macroeconomic Dialogue at Secretary Level along with a Dialogue on Financial Services Regulations have also been instituted and take place annually.

Deadlock in BTIA:

- India's pitch for a 'data secure' status (important for India's IT sector specially in lieu of new GDPR regulations) as well as to ease norms on temporary movement of skilled workers.
- EU's demands on elimination of India's duties on goods such as automobiles and wines and spirits.
- EU is keen on finalization of an India-EU Bilateral Investment Treaty (BIT) before the re-launch of the FTA talks.
- EU wants India to liberalise accountancy and legal services.
- India wants to make 'investment protection' a part of the negotiations on the proposed comprehensive FTA.
- Other issues:
 - Labour standards
 - Intellectual Property Rights (IPR) issues
 - Complex system of quotas/tariffs
 - Environmental issues

7. BREXIT

Constitutional Provision of Brexit:

- Lisbon Treaty (Article 50) provides for exit of member countries from European Union. For any country to come out of European Union, it has to negotiate a deal with EU. The deal will provide for a settlement between EU and UK.

Why the clamour for Brexit:

- Economic reasons – The primary contention was that economically, Britain loses more than what it gains.
 - Membership fees paid.
 - EU's policies were too protectionist and did not favour competitiveness to the extent that would be beneficial for the British economy.
 - Post the Sovereign Debt Crisis, EU introduced Fiscal Compact and tighter control on national budgets. Britain was not comfortable with these ideas.
 - Germany's proposal to impose taxes on financial transactions (Tobin Tax) also did not find favour with London, which is an important financial hub.
- Immigration issues
 - Job losses to migrants - Half of British legal migrants come from EU. There is this feeling that they have a negative impact on UK born workers. Since 1997, 3/4th of jobs created have been taken up by EU immigrants.
 - Refugees - EU's obligation on its members to accommodate more refugees also did not find favour with UK. Especially at a time when the refugee influx in Europe is at an all-time high in light of multiple crisis in Middle East and Africa
 - Security - There is also this perception that immigrants pose a threat to national security.
- Sovereignty Issue
 - EU has been pushing for creation of an Ever Closer Union which would accord greater decision making powers to European Parliament, while, limiting the authority of British Parliament.

Hard Brexit, Soft Brexit, 'No Deal', No Brexit

Hard Brexit?

- A hard Brexit rejects the whole idea of close alignment. The goal is to escape burdensome EU regulations and tariffs, so as to be able to draw up rules and customs arrangements of Britain's own choosing.
- In practice a hard Brexit means leaving both the single market and the customs union.
- Hard Brexiteers believe that staying in either would turn Britain into a "vassal state" of the EU. They are willing to accept the short-term disruption and potentially high costs of breaking free from Brussels, because they believe that the long-term gains from better regulation and the striking of free-trade deals all round the world will do more than enough to offset them.

Soft Brexit?

- In practice a Soft Brexit means staying within both the EU's single market (like Norway) and its customs union (like Turkey). Soft Brexiteers are willing to be bound by EU rules and tariffs even though Britain will lose any say in making them. They also accept the inevitable consequence that it will be hard, even impossible, for Britain to do any trade deals with third countries.
- What is the Norway model?

- The Norway model refers to countries being members of the European Economic Area (EEA), but not the European Union. Remaining in the EEA would grant Britain all the freedoms of the EU's internal market - including the free movement of goods and people.
- It means the country is bound by all the EU regulations for those areas, as well as policies on employment, the environment and consumer protection.
- But, like Norway, it means the country does not have a say in how those policies are formulated.

'No Deal'?

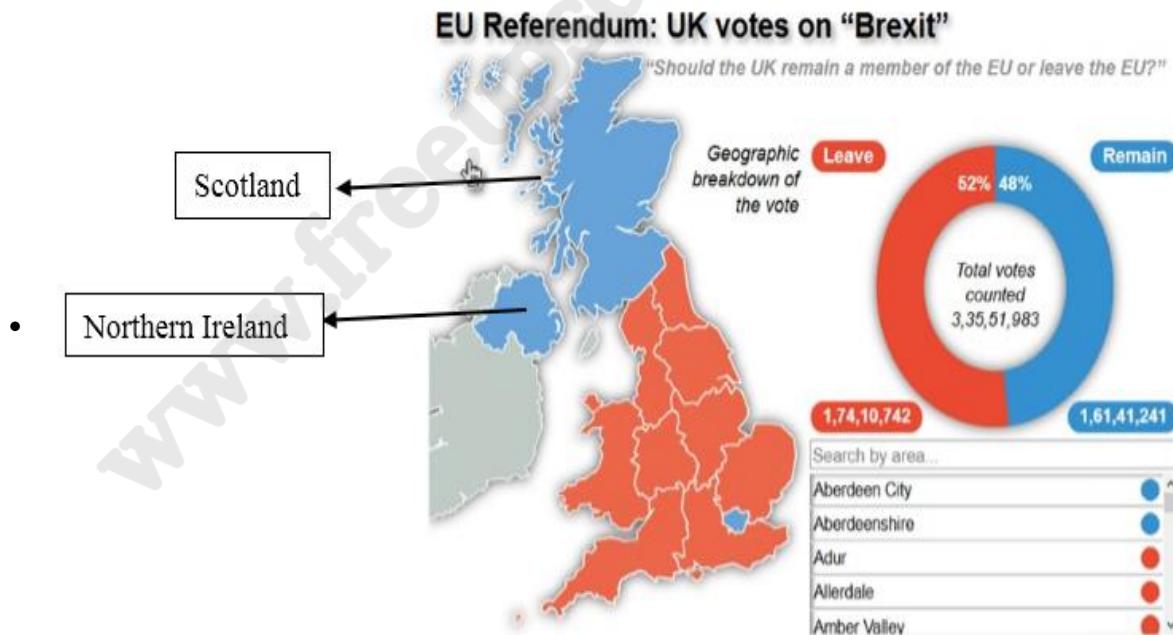
- If the UK and the EU cannot reach an agreement a No Deal will occur when the two-year period after the triggering of Article 50 ends.
- That would mean the UK's sudden split from the EU without a transition period.
- That in turn means the relationship would be governed by basic rules of the WTO. And it would likely result in a big jolt to the UK economy with the loss of jobs and falling GDP.

No Brexit?

- That would mean revoking Britain's withdrawal notice under Article 50 of the Treaty on European Union.
- But this would require another referendum. It can only happen when the public mood across Britain starts calling for it, which seems unlikely for now. Meanwhile, Hard Brexiteers are highly against such proposition.

Geopolitical Impacts of Brexit on UK internally:

Questions over the future of **Scotland** and **Northern Ireland**. Their desire to stay in UK was preconditioned on UK remaining a part of EU. The Scots have already started demanding for a referendum on Scotland's future in UK. Even in Northern Ireland violence erupted post the Brexit vote.



To guarantee that there will be no hard **border between Northern Ireland and the Irish Republic**, PM Theresa May has also accepted that there must be a "**backstop**" solution that keeps Britain in a customs union and in close regulatory alignment with the EU for some years, until another way is found of avoiding any infrastructure, customs checks or associated controls on the border.

The **logic of the Irish border is forcing Britain towards a close relationship with the EU**.

As Mrs May keeps softening her red lines, many expect the eventual result to combine elements from both a hard and a soft Brexit. One possible answer would be to stay in a customs union and the single market for goods alone, but not for services. Like most compromises, such an outcome would please neither side. Yet both may just have to learn to live with it.

Brexit Bill becomes law (June 2018): It enshrines Brexit day in British law as March 29, 2019 — midnight Brussels time, defined by the end of the two-year Article 50 withdrawal process.

Theresa May gets Cabinet approval for Brexit plan

Soft Brexit - It will see an EU- U.K. Free Trade Area and Britain remaining closely aligned to the EU's single market on agriculture and goods via a "common rule book," though the **services sector will be excluded**.

- Even after Brexit the UK will continue to share a common rule book for all goods with the EU, including agricultural products.
- In line with Britain's aversion to the European Court of Justice, it is proposing to set up a joint institutional framework to interpret UK-EU agreements.
- In order to safeguard ties with Ireland, the borders between the UK and EU will be treated as a "combined customs territory".
- Proposing to end free movement, "giving the UK back control over how many people enter the country".

If a hard Brexit is economically unacceptable to British business and Parliament, a soft Brexit is politically unacceptable to EU leaders, and a fake Brexit (Brexit wherein actually the changes are very minimal) is unacceptable to almost everyone.

To conclude, as **George Soros** writes, "divorce will be a long process, probably taking more than five years – a seeming eternity in politics, especially in revolutionary times like the present. Ultimately, it is up to the British people to decide what they want to do, but it would be better if they came to a decision sooner rather than later."

Impact of Brexit on India

Key opportunities

- **Free Trade Agreement (FTA)** - After losing access to EU single market, the UK would want to develop trade relations with emerging markets from around the world. India, with its strong economic fundamentals and a large domestic market, is in a better negotiating position. Potential sectors to benefit from an FTA include textile, machinery, engineering goods, information technology and banking.
- **Service sector** - India could emerge as a major source of high tech exports for the UK. The country's BPO market could see strong growth prospects if FTA between the two countries was to foster easy visa regime and greater market access for Indian firms.
- **Easy market access** - India is the major FDI source for the UK because many Indian firms have used it as a gateway to Europe. With the UK moving out of EU, it might not be as attractive to Indian firms as before. Intuitively, the UK government would not like to miss out Indian investment and will thus try to attract Indian firms by offering more incentives such as tax breaks, easy regulations and opening up markets

- **Cheaper imports** - The UK's currency is expected to remain weaker, so it would be less expensive for Indian firms to import from their subsidiaries in the UK.
- **Education** – Educational institutes in the UK might offer more incentives, which could essentially make education in that country less expensive. In the post-Brexit world, Indian students studying in the UK might get a more level playing field compared with other EU students who were until now enjoyed an advantageous position.

Key challenges

- **Political risk** - Apart from regional uncertainty, the changing dynamics can potentially reverberate to reach Asia and thus India.
- **Global growth impact** - The potential of a significant weigh down on global growth once the new trade terms take shape is real. While India currently enjoys improved macroeconomic stability, the country cannot be isolated from the impact from global and regional subdued growth.
- **FTA challenges:** India's FTA negotiation with EU, which saw an impasse on the issue of bilateral investments, might now need a renegotiation of FTA with the union. Additionally, a separate trade agreement with the UK might also need to be worked on.
- **Immigration norms** - Companies with operations throughout EU will now have to reassess their workforce mobility, along with expansion plans and operations.
- **Currency weakness and unhedged exposure** - According to reports, deepening recession risks and unhedged exposure the British Pound on account of Brexit might impact IT demand, affecting revenues of Indian IT companies in the UK by almost 10 per cent.
- **Contingency planning** - Reports suggest that, currently, over 800 Indian companies in the UK employ over 1.1 lakh people. The top-growing Indian companies are said to have generated over GBP 26 billion in turnover in 2015. The above considerations demand a thorough assessment of evolving developments and the prioritisation of contingency planning.

8. European Union and its current challenges

George Soros in his article "How to Save Europe" writes that, there is no longer any point in ignoring the reality that a number of European Union member countries have explicitly rejected the **EU's goal of "ever closer union."** Instead of a "multi-speed Europe," where all members are still heading toward the same destination, the goal should be a "multi-track Europe" that offers member states a wider variety of choices.

Brief Overview:

Since the financial crisis of 2008, the EU seems to have lost its way. It adopted a program of fiscal retrenchment, which led to the euro crisis and transformed the Eurozone into a relationship between creditors and debtors. The creditors set the conditions that the debtors had to meet, yet could not meet. This created a relationship that was neither voluntary nor equal – the very opposite of the credo on which the EU was based.

As a result, many young people today regard the EU as an enemy that has deprived them of jobs and a secure and promising future. Populist politicians exploited the resentments and formed anti-European parties and movements.

Then came the refugee influx of 2015. At first, most people sympathized with the plight of refugees fleeing political repression or civil war, but they didn't want their everyday lives disrupted by a

breakdown in social services. And soon they became disillusioned by the failure of the authorities to cope with the crisis.

The United States, for its part, has exacerbated the EU's problems. By unilaterally withdrawing from the 2015 Iran nuclear deal, President Donald Trump has effectively destroyed the transatlantic alliance. This has put additional pressure on an already beleaguered Europe. It is no longer a figure of speech to say that Europe is in existential danger; it is the harsh reality.

What are pressing problems that EU is facing? WHAT CAN BE DONE?

The EU faces three pressing problems:

- i. Refugee crisis;
- ii. Austerity policy that has hindered Europe's economic development; and
- iii. Territorial disintegration, as exemplified by Brexit.

Refugee Crisis:

The EU still lacks a unified migration policy. Each member state has its own policy, which is often at odds with the interests of other states.

Allocation of refugees within Europe should be entirely voluntary. Member states should not be forced to accept refugees they don't want, and refugees should not be forced to settle in countries where they don't want to go. This fundamental principle ought to guide Europe's migration policy.

Europe must also urgently reform the **Dublin Regulation**, which has put an unfair burden on Italy and other Mediterranean countries, with disastrous political consequences.

- Under the so-called Dublin Regulation, the first EU country that asylum seekers enter is responsible for examining their applications. But countries with external borders, such as Greece and Italy, naturally complain that this puts an unfair burden on them.
- **Daniel Gros: The European Union's Dublin Conundrum** (July 2018)
 - Despite a sharp decline in the number of asylum seekers reaching Europe, politicians continue to exploit the issue. But the real question that needs to be answered is not how to keep migrants away from Europe's borders, but rather which country should be responsible for those who have already entered EU territory.
 - The European Asylum Support Office (EASO) should be made responsible for interpreting the rules for assigning refugees – deciding, for example, which country is responsible when member states disagree in individual cases. Providing financial incentives for accepting refugees – say, a lump sum for each one – would also help.
 - Strengthening EASO and boosting financial support should go some way toward alleviating today's tensions, at least until a radical reform of Europe's asylum system can be contemplated.

Proposed deal on migrants (June 2018)

Objective: To bolster the bloc's external borders and improve the solidarity among member nations to ease pressure on point-of-entry nations like Greece and Italy.

- The plan proposes screening migrants in North Africa for asylum eligibility and setting up control centers within the bloc by nations which would volunteer to have them.
- No North African countries have agreed so far to sign on to the plan, though possible EU funding that could bring billions in aid may prove persuasive.

- Italy wants concrete commitments to help managing the waves of newcomers that arrive from across the Mediterranean.
 - Eurosceptic government of Giuseppe Conte came to power with the slogan, 'Italians first'.
- Ms. Merkel, for her part, is fighting a battle at home and abroad against critics who accuse her of endangering European security with her hospitality.
- The partner in Merkel's coalition government is demanding that migrants be turned away at Germany's border with Austria. EU officials fear such a move would set off a domino effect, leading Austria to seal its border with Italy, and Italy to fully close its ports to migrants rescued at sea.

Chris Patten: The EU must work as one to strengthen its own borders, while helping, through development assistance and security cooperation, the countries from which people are fleeing. With more stability and open markets, they will be able to export their products, rather than their citizens.

Austerity policy and Europe's Economic Development

- The transformation of the Coal and Steel Community into the European Union was a top-down initiative and it worked wonders.
- But times have changed. Ordinary people feel excluded and ignored. Now we need a collaborative effort that combines the top-down approach of the European institutions with the bottom-up initiatives that are necessary to engage the electorate.

Territorial disintegration as exemplified by Brexit.

EU needs to transform itself into an organization that countries like Britain would want to join, in order to strengthen the political case.

- Such a Europe would differ from the current arrangements in two key respects.
 - First, it would clearly distinguish between the EU and the Eurozone.
 - Second, it would recognize that the euro has many unsolved problems, which must not be allowed to destroy the European project.
- The **Eurozone** is governed by outdated treaties that assert that all EU member states are expected to adopt the euro if and when they qualify. This ignores the reality that a number of EU member countries have explicitly rejected the EU's goal of "ever closer union."
- Currently, attitudes toward cooperation are negative: member states want to reassert their sovereignty rather than surrender more of it. But if cooperation produced positive results, sentiment might improve, and some objectives, like defense, that are currently best pursued by coalitions of the willing might attract universal participation.

Experts/Scholar's view on EU's institutional issues

Mark Leonard on waning influence of Germany: Are Europe's Populists Calling the Shots? (June 2018)

Less than six months after forming another grand coalition government, German Chancellor Angela Merkel is now fighting for her political life against a pan-European alliance of anti-immigration forces. But whether or not she holds on to power, it is already clear that Germany's unique influence over EU affairs is waning.

Europe is at a critical juncture. Those who favor deeper integration and openness have wasted a lot of time, while populists and nationalists have marshaled their forces.

Harold James: Europe's Hard-Core Problem - *de facto* Franco-German leadership (Nov. 2017)

One wonders if the EU's hard Franco-German core is becoming too hard for the rest of the bloc. If so, those who dream of "ever closer" European integration may have to settle for a modestly enlarged Franco-German axis.

- According to the traditional division of labor, France provides security and the means for Europe to project power abroad; and Germany oversees finance and economics at home.
- The EU's critics do not like the idea of coordinated foreign policies any more than they liked the idea of fiscal and monetary discipline being imposed in the middle of a recession.

Looking forward, France and Germany urgently need to develop a shared vision that transcends their own national politics and embraces genuine EU-level reform. There is already some agreement on the **need for defense coordination and tax harmonization**. But that is not enough. France and Germany still need to address many questions with respect to **fiscal centralization, sovereign-debt restructuring**, and other fundamental issues.

The rest of Europe needs to feel as though it has a seat at the table.

Harold James: Europe's Overly Complex Union (July 2018)

Despite its clear advantages, a "grand deal" covering the major issues that the EU faces has always been something of a chimera. A key problem lies in the intricacy of the EU itself, which is poorly equipped to function in times of chaos – like now.

The EU is deliberately complex, in order to allow for the coordination of a wide variety of national interests. That complexity is fine in normal times, but it is problematic at exceptional moments, when the play is frenetic. At those moments, the EU looks more like the Habsburg empire – a complex vessel of nationalities where satirists joked that the situation was desperate but not serious.

Joseph Stiglitz: Can the Euro Be Saved? (June 2018)

Book: "*The Euro: How a Common Currency Threatens the Future of Europe*"

The euro was a system almost designed to fail. It took away governments' main adjustment mechanisms (interest and exchange rates); and, rather than creating new institutions to help countries cope with the diverse situations in which they find themselves, it imposed new strictures – often based on discredited economic and political theories – on deficits, debt, and even structural policies.

Across the Eurozone, political leaders are entering a state of paralysis: citizens want to remain in the EU, but they also want an end to austerity and the return of prosperity. So long as Germany tells them they can't have both, there can be only one outcome: more pain, more suffering, more unemployment, and even slower growth.

The central problem in a currency area is how to correct exchange-rate misalignments like the one now affecting Italy. Germany's answer is to put the burden on the weak countries already suffering from high unemployment and low growth rates. The alternative is to shift more of the burden of adjustment on the strong countries, with higher wages and stronger demand supported by government investment programs.

9. NATO and Transatlantic relations in the times of President Trump

The North Atlantic Treaty Organization (NATO), also called the North Atlantic Alliance, is an intergovernmental military alliance between 29 North American and European countries. The organization implements the North Atlantic Treaty that was signed in 1949. NATO constitutes a system of **collective defence** whereby its independent member states agree to mutual defence in response to an attack by any external party.

The most recent member state to be added to NATO is Montenegro in 2017. NATO currently recognizes Bosnia and Herzegovina, Georgia, Macedonia and Ukraine as aspiring members.

Recently NATO summit was held in Brussels in July 2018.

Military Spending/Budget -

- The combined military spending of all NATO members constitutes over 70% of the global total. Members have committed to reach or maintain defense spending of at least 2% of GDP by 2024.
- U.S. is traditionally the largest contributor to the NATO (22% of the total), and many U.S. presidents have tried to correct this imbalance softly. But Trump is assertively asking other countries to spend 4% of their GDP on defense annually and has even questioned their commitment to the alliance. Notably, most NATO allies are even faltering to progress towards the currently mandated 2% mark, which is to be reached by 2024.
- The U.S. on the contrast is now shelling out well over 3% of its annual GDP on security and is clearly moving towards the 4% mark.

Why did Trump single out Germany for criticism?

- Germany enjoys a big trade surplus with the U.S., an aspect that is irking the Trump administration, which is presently embracing protectionism.
- In this context, Trump has lashed out on Germany for not spending enough on defense, despite having strong economic metrics in recent years.
- Additionally, he has also targeted Germany for buying huge volumes of gas from Russia despite U.S. sanctions against the latter.
- Notably, Russia's regional ambitions and its interventions in international theaters to thwart American efforts are indicative of a new cold war.
- Adam Tooze: Germany's Great European Heist (May 2018)
 - At NATO meeting after NATO meeting, Germany would commit to spending 2% of its GDP on defense. It never delivered. Spending slumped toward 1% of GDP, with the majority going to salaries and pensions. The latest NATO data show German spending on defense equipment and on research and development running at only 0.17% of GDP in 2017, compared to 0.42% in France and 0.47% in the UK.
 - Both Germany's habit of free riding and France's tendency toward trigger-happy postcolonial forays will have to be debated. The quid pro quo that France should demand for cooperation on security policy is that Germany recognizes the same reality with regard to economic policy.
- Joschka Fischer: Waiting for Germany (April 2018)
 - The European Union's political stagnation is becoming untenable in the face of mounting economic and geopolitical risks. The post-war US security guarantee allowed Germany to take a long break from thinking about strategic threats. But now that Trump has called into

question America's commitments to its allies, Germany can no longer count on such a favorable division of labor.

Javier Solana (Former EU High Representative for Foreign and Security Policy, Secretary-General of NATO) July 2018

Donald Trump is not the first US president to demand that European countries spend more on their own defense, but he is the first to ignore the value of America's alliances. In fact, with NATO's European pillar recently strengthened, the US will have an even more reliable defense partner.

Trump's 2% demand is neither unfounded nor unprecedented: previous US presidents have also called on European countries to increase their defense spending. In 2014, NATO member states that were not spending 2% of their GDP on defense committed to do so by 2024. Yet, despite notable progress, it is fair to say that some countries are still far from reaching that target.

Ana Palacio - Saving NATO from Trump (July 2018)

Mutual defense commitment contained in Article 5 of the NATO Charter is the principle that an attack on one NATO member is regarded as an attack against all is crucial to the alliance. Europe has long been given a free pass on defense, but the expiration date is approaching fast. At this moment of uncertainty, it can be tempting to focus on the high-stakes politics of Article 5.

The truth is that, as important as Article 5 and the 2%-of-GDP spending requirement are, NATO's value and relevance extend far beyond these issues.

- Article 2 encourages NATO members to collaborate economically and to bring "about a better understanding of the principles upon which" their free institutions are founded.
- More important, Article 3 calls upon members to work together to build and maintain a capacity for defense, thereby boosting resilience.

Whereas Article 5 has become a source of leverage for Trump to use to pressure his allies to spend more, while impressing his domestic supporters, Articles 2 and 3 are practical and direct. With a revanchist Russia to their east and chaos to the south, Europeans can no longer afford to live in denial. They must strengthen defense at the foundations, with Articles 2 and 3 as their guides.

Carl Bidt - The End of NATO? (July 2018)

To be sure, over the past few decades, NATO's primary focus was on peacekeeping operations in distant places, rather than on its core function of territorial defense. For most European member states, the peace dividend from the alliance's operations justified cuts in domestic military spending.

But this attitude changed in 2014, when Russia annexed Crimea and launched secretive military incursions into Eastern Ukraine. Since then, NATO member states' defense budgets have increased by around 4% per year on average, making the 2024 target eminently achievable.

The fact is that total European defense spending is around twice what the US spends on European security, and also roughly twice what Russia spends on defense, according to estimates produced at the US National Defense University.

The problem is that while NATO's military capacity is actually improving, its political decision-making capacity is deteriorating. Imagine what would happen if a NATO member state sounded the alarm about Russia launching a secretive Crimea-style military operation within its borders. Would Trump quickly

invoke the principle of collective defense under Article 5 of the NATO treaty? Or would he hesitate, question the intelligence, belittle US allies, and validate Putin's denials?

The transatlantic alliance - US-Europe relations in times of President Trump

Mark Leonard (Director of the European Council on Foreign Relations): As US President Donald Trump continues to wage war on the American-led international order, Europeans can no longer assume that their interests are synonymous with those of the US. The time has come for the European Union to redefine its interests, and to develop a new strategy for defending them.

Javier Solana: Trump effect on overall US-Europe relations (June 2018): Trump evidently feels more comfortable when he can engage with other countries bilaterally. It is little wonder that the EU – a bastion of multilateralism – is not to his liking. But Europe and America have always been most successful when they have supported each other, while operating within a framework of institutions based on shared norms. Trump's preference for a divide-and-rule strategy produces a game that will create only losers, beginning with the West and ending with the world at large.

Dominique Moisi: The Transatlantic Rupture (June 2018)

To be sure, this is not the first time transatlantic relations have come under strain. In the early 1960s, French President Charles de Gaulle rejected a key pillar of the relationship, NATO, by incrementally reducing France's military and political participation. Whereas US President John F. Kennedy presented NATO as a shared roof supported by two pillars – the US and Europe – de Gaulle viewed it as a mechanism of US hegemony. In any case, France's withdrawal from NATO did more to isolate the country than to weaken the transatlantic alliance.

The relationship was challenged again in 2003, when France and Germany, among others, refused to join the US and the United Kingdom in the (ill-advised) invasion of Iraq. But, again, the survival of the transatlantic alliance was never in doubt.

The difference today is that it is the US that is pushing back against the alliance – if not the entire Western liberal democratic model. A sheep gone astray is one thing; if the shepherd leaves, the entire herd is at risk. Yet, as "America First" becomes "America Alone," that seems to be precisely what is happening.

India-Australia

History: Before 1990, one could blame the Cold War and the two countries finding themselves on opposite sides of the fence. However, even with the distorting prism of the Cold War having been removed, there was no automatic upside in the relations. There were setbacks such as the sharp Australian reaction to India's nuclear tests in 1998.

With the changing global scenario, Australia has come to look at India as a potential partner in promoting regional security and stability. This led to upgradation of bilateral relationship between the two nations to a '**Strategic Partnership**', including a Joint Declaration on Security Cooperation in **2009**.

Recent bilateral summits:

- The two way Prime Ministerial visits in 2014. Former PM Mr. Tony Abbott visited India in September 2014, followed by PM Modi's bilateral visit in November 2014.
- PM Malcolm Turnbull paid his State Visit to India during April 2017.

Why is Australia important to India?

- **Energy Security:** Australia has **high quality coal**, which is what India needs for its new generation of **super-critical and ultra-super-critical thermal plants**. And it is now a new and substantial source of **liquefied natural gas (LNG)**, for which India is destined to become a major global customer. When India ponders over its energy security challenge, Australia readily suggests itself as a stable, reliable and long term partner.
 - **Civil Nuclear Energy** - Australia has large reserves of **uranium** which could fuel our projected expansion of nuclear power. Australia supported the waiver for India at the **NSG** later in 2008 at Vienna and has since concluded a bilateral civil nuclear agreement with India. The sale of uranium to India is no longer an issue. Australia also supported us in our membership of other export control regimes such as the Australian arrangement and the Wassenaar group. We now seek Canberra's support for our membership of the NSG.
- **Food Security:** Australia is blessed with **large expanses of arable land**, which in India is in very short supply. It has a level of **farm productivity** which is the envy of the world.
 - In the foreseeable future, Australia is already **destined to become a major supplier of lentils and pulses** to India, the exports of which have rapidly risen to about \$100 million currently.
 - In the longer run there could be the possibility of Indian companies **leasing land for extended periods for large-scale production** of a wide variety of agricultural crops which could then be exported to India. This **may require bringing in labour from India, for which a special agreement may be necessary, and there could be political sensitivities involved**.
 - India is keenly interested in the advances which Australia has made in **arid zone agriculture**. The two countries are engaged in some interesting **joint R&D projects** in this area which would be of great value to both our countries.
- **Water Security:** Australian achievements in **water management, water recycling and river basin management**.
- Indian **IT companies** are well represented in the Australian market.
- The Australian **education and vocational training sector** has already attracted both Indian students as well as institutions like the NSDC of India.
- **Indian community** in Australia, which is now 450,000 strong and growing - many success stories among them and the ranks of **highly skilled professionals** is growing.

Trade and Economic Cooperation

India's trade in goods and services with Australia was approximately US\$ 15.6 billion in 2016.

The two countries are currently discussing a Comprehensive Economic Cooperation Agreement (CECA)

- Negotiations began in May 2011 on the proposed India-Australia CECA aimed at opening up bilateral investment as well as trade in goods and services. So far nine rounds of talks have been held with the last one being in September 2015.

Traditional bottlenecks that have persisted for quite some time.

- A long-overdue Free Trade Agreement,
- Differences around visas and other immigration issues.

Australia releases India economic strategy, aims to give big push to bilateral trade (July 2018)

- The strategy prioritizes economic and trade opportunities in India across 10 states, covering 10 sectors (education, mining and natural resources, agribusiness, tourism, energy, health, infrastructure, financial services, sport, and S&T).
- Like in the US, Indian diaspora in Australia is expected to play a big role in building these economic linkage. Largely prosperous 700,000-strong Indian-origin population in Australia.

Alyssa Ayres (July 2018)

- The strategy seeks “to lift India into our top three export markets, to make India the third largest destination in Asia for Australian outward investment, and to bring India into the inner circle of Australia’s strategic partnerships, and with people to people ties as close as any in Asia.”
 - Pays significant attention to higher education - given the importance of Australian higher education to its economy—its third-largest export.
 - Says, Australia should take the lead in supporting Indian membership in the APEC forum.

India and Australia in the Indo-Pacific

India pointedly refused to let Australia participate in the 2017 US-India-Japan Malabar naval exercises last year. Although India does hold a bilateral naval exercise, AUSINDEX, with Australia, it is nowhere close to the Malabar exercise in terms of its scale and depth.

Shyam Saran: India and Australia are **at the two ends of a strategic ocean space** which is increasingly being described as the **Indo-Pacific..**

- US alone cannot be expected to shoulder the entire burden of responsibility for **ensuring peace and security in the region**. As it happened during the tsunami, countries like the US, Japan, Australia and India came together to deliver much needed relief and assistance to those affected by the tsunami far away from their shores.
- Our preference for a **regional security architecture in the Asia-Pacific** which is **open, inclusive, transparent and balanced**.
- It should be based on the acknowledgement that all stakeholders in the region have legitimate security concerns and interests which should be reconciled through **mutual reassurance and confidence-building** rather than through the unilateral build-up of military capabilities and the assertion of narrowly conceived national interests.

C Raja Mohan: Strategic cooperation between India and Australia can contribute to the construction of a **stable maritime order** in the region. For **promoting regionalism in the Indian Ocean** and **strengthening regional maritime security** have been prominent themes in Delhi's deepening partnership with Australia in recent years.

- **Japan and Australia**, which barely figured in India's post-Independence strategic calculus, have now become central to Delhi's regional security quest. India has stepped up engagement with them, not only in the **bilateral** framework, but also in the **trilateral** framework.
 - Although Australia does not have the scale of economic resources that Japan brings to the table, Australia has considerable commercial heft as well as the "can-do" political attitude that can significantly reinforce India's own outreach to the Bay of Bengal and beyond.
- A broad plan for security cooperation on maritime issues could include:
 - Naval exercises, humanitarian assistance, disaster relief, Peacekeeping, diplomatic coordination in regional maritime forums and exchanging white shipping information.

Way forward:

- Developing their island territories in the Bay of Bengal and the eastern Indian Ocean. **Coordinated development of their island territories** can tame the tyranny of Indo-Pacific geography.
 - Canberra is debating plans to develop two Indian Ocean territories — the **Cocos (Keeling)** and **Christmas Islands** — for strategic purposes. Delhi, of course, has been doing the same with the **Andaman and Nicobar** Island chain. But progress has been rather slow.



- Sharing of facilities and information can vastly improve the naval reach of India and Australia as well as contribute to the construction of a stable maritime order in the Bay of Bengal and the eastern Indian Ocean.
- Allowing Australia to join Malabar Exercise along with the US and Japan would go a long way in strengthening bilateral relations as well laying the foundations of a strong Quad.

For more on maritime security, refer to notes on "Indo-Pacific and Quad".

Australia and China

Australia's deep economic ties with China in the last two decades has led many Indians to question its strategic intent and ability when it comes to standing up to the Dragon.

Australia is gradually coming to terms with the risks of having an assertive China that has meddled in the domestic politics of other countries. It was recently rocked by a scandal involving a senator who was accused of doing Beijing's bidding on the South China Sea issue in parliament, going against his own party's position.

There are further revelations of alleged Chinese interference in Australian politics through Chinese government-backed manipulation of public opinion.

The latest Australian Foreign Policy White Paper's exhortation of a free and open rules-based order in the Indo-Pacific is a tacit acknowledgement of the changed geopolitical realities of the region. While, in that document, Australia acknowledged the strength of its relationship with China, it also affirmed its responsibility to ensure that all regional players follow the rulebook when it comes to maintaining the extant arrangements in the region.

Australia's domestic political situation

In the past 10-11 years, the leadership situation in Australian politics has not been stable. There is no doubt leadership churn is intensifying: the never-ending spill culture has seen nine leadership contests since 2007. List of PMs of Australia since 2007:

- Kevin Rudd (2007–10; 2013)
- Julia Gillard (2010–13)
- Tony Abbott (2013–15)
- Malcolm Turnbull (2015–18)
- Scott Morrison (2018– present)

Conclusion

The 2017 Australian Foreign Policy White Paper went so far as to put India within "the front ranks of Australia's international partnerships".

With the Indo-Pacific in flux—results of China's growing assertiveness as well as uncertainty about American leadership—middle and emerging powers in the region find themselves contemplating the need to join hands. Australia and India are not exceptions in this regard. Moreover, the rebirth of the Quad in November last year and the importance given to India in the 2017 Australian Foreign Policy White Paper, provide an even broader canvas for a sustainable, upward trajectory in India-Australia relations.

India-Nepal Relations

Amb. Jayant Prasad: Indians and Nepalese share a common culture and terrain south of the Himalaya. Bound by languages and religions, marriage and mythology, the links of their civilisational contacts run through Lumbini to Bodh Gaya, Pashupatinath to Kashi Vishwanath, and Muktinath to Tirupati.

Cultural affinities and familial ties provide the comfort of familiarity, perhaps also an instinct for fraternity. But closeness begets complexities too, and dependence — for essential supplies, trade, transit, investments, and employment — does not engender goodwill, especially when relations are not handled with sensitivity and care.

Shyam Saran (*Book: How India Sees the World*, Chapter - India and Nepal: A Relationship of Paradox)

Physical proximity often helps create positive bonds between countries but it may just as likely create misunderstanding and points of conflict that sometimes overwhelm strong and abiding political, economic and cultural connections. With no other neighbour is India so well bonded on these fronts as it is with Nepal. And yet there is a widespread perception in Nepal that India does not respect the country's sovereignty and independence, that it often intervenes in Nepal's domestic affairs and generally behaves like an overbearing Big Brother. In this respect Nepal is no different from several of our other neighbours but in its case there is a peculiar coexistence of sentiments of deep attachment to India and an equally deep fear of domination by India.

The **border** that separates India and Nepal is open, allowing for the free and unrestricted movement of people. This derives from tradition and usage. There is no legal sanction behind it. Many people, both in India and Nepal, believe the open border is part of the India-Nepal Treaty of Peace and Friendship concluded in 1950, but that is not the case.

India-Nepal treaty of 1950

The India-Nepal treaty of 1950 has been criticized by the Nepali political elite as an unequal one. But no Nepali government has exercised its sovereign right under the treaty to abrogate it, which is possible after giving one year's notice. The treaty was unique in extending, reciprocally, the rights to residence, employment and purchase of property to each other's citizens - in other words, it extended 'national treatment' by each country to the other's citizens.

- So far only one round of talks to review the terms of the treaty has been held at the foreign secretary level. During that round it was apparent that the Nepali side wished to retain elements that were advantageous to it but dispense with reciprocal obligation on itself. In practice, successive Nepali governments have abridged most of the 'national treatment', they were expected to extend to Indian citizens on a reciprocal basis, even while its own citizens continue to enjoy privileges on a par, almost, with Indian citizens in India. Unlike their Nepali counterparts in India, Indian citizens in Nepal require residence and work permits and cannot buy property there.
- The treaty was concluded at a time when Nepal feared a Chinese threat, particularly after the Chinese occupation of Tibet. The treaty has an explicit reference to threats from third countries, which India and Nepal would cooperate in tackling.
- There was also a confidential exchange of side letters to the treaty, which obliged Nepal to seek India's consent for the import of arms from third countries. It is the security aspects implicitly and explicitly included in the treaty that became controversial in later years.

- At least since 1960, when the China-Nepal boundary agreement was concluded, the security provisions in the India-Nepal treaty, which were the result of a shared perception of threat from China became outdated from Nepal's point of view. At the same time the pursuit of a nationalistic policy, with India projected as a threat to Nepal's independence, made the treaty appear anachronistic.

Chinese inroads into Nepal

Shyam Saran (Book: How India Sees the World)

Nepal's attempt to balance the overwhelming presence of India next door by reaching out to China is resented by India. Such actions heighten our security concerns.

- Chinese are building a number of highways from the Tibetan side into Nepal, all the way down to East-West highway that traverses Nepal, hacking through high mountains and difficult terrain. The Tibet railway has now been extended from Lhasa to Shigaze and could well be extended to Kathmandu across the border in the next few years.
- In contrast, our plans to upgrade the existing highway and railway links between India and Nepal and create modern integrated checkpoints on the border have been on the agenda for years but we are bedevilled by a very slow process of implementation. I have always held that if you leave empty spaces behind someone else will walk in. This is what has been happening in several parts of our neighbourhood. China has seized the opportunity to walk in.
- The situation today, appears different, with China getting more directly involved in Nepal's domestic politics and significantly increasing its economic profile there. There is a willingness to contest Indian interests in cultivating local interest groups that could advance China's interests vis-a-vis India's. We have not been able to craft an effective counter strategy. As with our other neighbours, our engagement with Nepal tends to be episodic and crisis-driven, and not backed by the human and material resources that our neighbours deserve.

Shyam Saran Every ruling dispensation in Kathmandu has used two political cards to compel Indian acquiescence to its narrow interests. One is the **China card**; the other is the **Hindu card**.

- The crude message is that if India does not support the ruling dispensation, Nepal may turn to China and India must shoulder the blame.
- Two, since Nepal is the only other Hindu majority country, India must not do anything to weaken the religious affinities that bind them together.

India must never fall into this trap and confront a 1960-type situation all over again.

C Raja Mohan: Beijing is trying to overcome its geographic disadvantage through mega projects like the Tibet Railway. But Nepal's nearest ports will always be in India and the Gangetic plain will remain its largest market.

Brahma Chellany (Jan 2017): Nepal, nevertheless, still needs India, simply because of geography. China can replace India as Nepal's main provider of essential supplies only by moving the Himalayas southward.

Prof. S D Muni (April 2018) - China's Shadow Loomed Over Nepal PM Oli's 'Successful' India Visit in April 2018.

In relation to China, if Nepal ignores India's concerns, there were options open to New Delhi, like not purchasing power from the Chinese-added hydro-projects. The Madhes issue, though put on the back-burner, has not been abandoned.

It will surely not be easy for Oli to dilute his two political assets; of politically cashing in on Nepali nationalism and deploying the China card to extract concessions from India. The first is a manifestation of his political and electoral strength and the second is tied to the support and interests of China.

Having prepared to invest so heavily in Nepal – in the political and strategic domains – China will not easily let Oli loosen his dragon hug.

Oli Visit to China (June 2018) - Mr. Oli quoted **Panchsheel** — the five principles of peaceful coexistence — as the template for an independent foreign policy that would include a simultaneous engagement of India and China.

- **'China proposed 2+1 format for India talks'** (PM Oli's visit to China, June 2018): "This is different from a trilateral mechanism. Under the Chinese proposal, China and India can jointly conduct a dialogue with a third regional country and can be applied to any other country in South Asia."
 - **Manoj Joshi** - India has been reluctant to directly take up any kind of trilateral cooperation in Nepal with China. This reluctance stems partly from its refusal to support Beijing's ambitious BRI and partly from its belief that its relationship with Nepal is qualitatively different from that of China.
- **Manoj Joshi** - A more relevant question is whether a trans-Himalayan railway is economically viable. The volume of trans-Himalayan trade, current and potential, and the thinly populated Tibetan region do not suggest it is.
 - The 2016 trade and transit treaty allows Nepal to use China's sea ports – which are, of course, more than 3,000 km away. Nepal, therefore, has more to gain by linking with the Indian system and using Indian or Bangladeshi ports.
 - Economic benefit is more likely to flow from the proposed 141-km **Kathmandu-Raxaul line** and broader links to the Indian railway system, towards Delhi in the west and Guwahati and Kolkata in the east, and to Bangladesh.

Nepal (1947-2017)

- **A century of Rana Rule till 1951 behind a monarchical facade** - Ranas were the Prime Ministers of the King and the post had become hereditary. When India became independent in 1947 Nepal Was under the rule of Mohun Shamshere Rana. **King Tribhuvan** was a powerless figurehead confined to the palace.
 - The Rana families have historical marriage links into the erstwhile princely families in India. e.g. Dr. Karan Singh's arranged marriage to Yasho Rajya Lakshmi, Sharda Shamsher Jang Bahadur Rana's daughter.
- Invasion of Tibet by Chinese forces in 1950 --> signing of Indo-Nepal Treaty of Peace and Friendship in 1950.
- **1951 - Escape of King Tribhuvan** from being held a virtual prisoner in the palace **to Delhi** with the help of Indian embassy in Kathmandu. A political deal brokered between Pandit Nehru and King Tribhuvan, paving the way for an end to Rana rule, **restoration of the monarchy** and participation political parties in the governance of the country.
- A new constitution was being drawn up but **Tribhuvan died in 1955** and his son **Mahendra** became the king.
- **King Mahendra** continued to rule through an advisory council, like his father, with court-appointed prime ministers.
 - Several steps were taken to establish Nepal's independent identity and international personality during his time. Diplomatic relations were established with China and Japan, and Nepal became a member of the UN in 1955.

- The long-pending constitution was finally adopted in 1959, establishing multiparty democracy and constitutional monarchy. But it was adopted as a document blessed by the king rather than as an outcome of deliberations in an elected and representative body.
- **1960s-70s:** The deteriorating India-China relations during 1960s created the space for Mahendra to take two major political decisions that influenced the course of Nepali politics and its foreign relations in years to come.
 - Dismissed the popularly elected government of Koirala discarded the constitution and assumed absolute power. Political parties were declared illegal and, a couple of years later, a party-less panchayat system was put in place.
 - Promoted a nationalistic foreign policy emphasizing Nepal's independent and sovereign personality. Nationalism in the Nepali context could only be projected as resistance to India's pervasive political, economic and cultural presence in the country.
- **1972** - This policy continued under his successor **King Birendra**, who ascended the throne in 1972 on the death of his father.
- **1990** - A landmark political development when absolute monarchy gave way to a hybrid political dispensation described as multiparty democracy and constitutional monarchy.
 - Political parties such as the Nepali Congress and the left-wing United Marxist Leninist (UML) party were dominated by the high caste Bahuns (Brahmins) and Chhetris (Kshatriyas).
 - Introduction of democracy provided political space for the many ethnic groups and the Madhesis living in the plains of Nepal, to organize themselves, to assert their distinct identities and demand an end to discrimination. An acute expression of this was the Maoist movement, which soon became an armed insurgency threatening the Nepali state.
- **2001 - Royal Massacre:** Crown prince Dipendra slaughtered his parents, King Birendra and Queen Aishwarya, and several other members of the royal family as they gathered for dinner in the palace. Birendra's brother **Gyanendra**, who had been away from Kathmandu that-fateful evening, succeeded to the throne.
- **King Gyanendra** went on to marginalize the political parties and gather power into his own hands. His command over the Royal Nepal Army gave him considerable authority, particularly at a time when the **Maoist insurgency was beginning to spread across the country**.
 - There was concern in Delhi that if the Maoists could not be contained and defeated, there were fears that the result would be a 'red corridor' extending from the north all the way down to Andhra Pradesh.
- **2002–2007:** Suspension of parliament and Loktantra Andolan
- **2003** - The peace talks between the Nepali government and the Maoists were publicly acknowledged early in 2003.
- **February 2005** - King Gyanendra assumed absolute power, arrested political party leaders and declared a State of Emergency.
- **November 2005** - Signing of 12-point agreement the mainstream political parties and the Maoists. India actively promoted an understanding between the mainstream political parties and the Maoists.
- **April 2006 - Jana Aandolan in Nepal.** King's proclamation conceded that sovereignty now lay with the people of Nepal and not the monarch.
- **June 2006** - Maoists came overground.
- **November 2006** - The **Comprehensive Peace Agreement** was concluded between the political parties and the Maoists declaring an **end to the decade-old civil war** and setting out a roadmap for elections to a constituent assembly.
- **28th May 2008** - The Shah dynasty came to an end, and monarchy in Nepal was abolished by the newly elected constituent assembly. Nepal became a republic after 240 years of monarchical rule.

- Major parties such as the Unified Communist Party of Nepal (Maoist), Communist Party of Nepal (Unified Marxist-Leninist) (CPN UML) and the Nepali Congress agreed to write a constitution to replace the interim one within 2 years.
- The **Federal Democratic Republic of Nepal (2008–present)**.
- The **contested constitution**, which was **promulgated in September 2015**. **Prashant Jha** writes that the contested constitution:
 - eroded political representation,
 - diluted affirmative action,
 - reframed citizenship provisions, and
 - gerrymandered federal provinces in a way which hurt the interests of the Madhesi people in Nepal's southern plains. **Core Madhesi demand: Revision of federal boundaries**.
- There have been **11 Prime Ministers in the last 10 years** since the abolition of Monarchy and establishment of Federal Democratic Republic of Nepal in 2008.
- The **two phases of the local body elections were held in May-June 2017**, in the seven federal provinces. These elections were last held in 1997. Under the new Constitution promulgated in 2015, seven provinces have been created and significant decentralisation of powers has taken place.
- The **provincial and parliamentary elections** were held in **November-December 2017**.

Prashant Jha:

- UML is the most focused of the **hill centric** parties and has penetrated into state institutions - including the judiciary. They have also been able to sell the **nationalist rhetoric**. This is purely due to the failures, and the defensive posture of the NC and Maoists who are too meek, too incoherent to mount a challenge.
- The levels of **corruption** at the highest political levels is astounding. The sole purpose of political power in Nepal has been to extract profits from the state and it is touching new lows. Every deal, every ministry, every top leader is entrenched in networks of corruption. And the figures are in hundreds of crores.
- Large sections of Kathmandu civil society have been captured by big business and established political interests - some through design, some by default.
- Nepal, as a senior leader said, is a 'divided country' and the divisions will continue to grow - especially on the Pahad Madhes axis. This is the single most important challenge for the state.

Current developments in 2018

Legislative elections were held in Nepal in two phases on 26 November and 7 December 2017 to elect the 275 members of the fourth House of Representatives, the lower house of the Federal Parliament of Nepal.

Following the announcement of final result K.P. Oli of Communist Party of Nepal (Unified Marxist-Leninist) (CPN (UML)) was sworn in as Prime Minister in February 2018. He passed a Motion of Confidence on 11 March 2018 with 208 votes.

Prof. S D Muni (April 2018)

The relations have been damaged seriously over the past two years. India resorted to an intrusive approach, muscular diplomacy and economic coercion in relation to Nepal's constitutional process. And Nepal reacted, under Oli's leadership, by whipping up a robust anti-Indian nationalism and an aggressive display of the China card to reduce its dependence on India. Both sides seem to be realising that they had gone overboard in their emotive approaches towards each other.

PM K P S Oli visits India (6-8 April, 2018)**Joint Statement, Agriculture, New Connectivity through Inland Waterways, Expanding Rail Linkages: Connecting Raxaul in India to Kathmandu in Nepal**

A twelve-point joint statement was issued highlighting the resolve of the two prime ministers to take their bilateral relations “to newer heights on the basis of equality, mutual trust, respect and benefit.” Three agreements, on a rail project connecting an Indian border town with Kathmandu, on inland waterways connectivity and on agricultural development in Nepal, were signed.

Amb. Rakesh Sood (April 2018)

Compared to the Joint Statement issued in August 2014 at the time of Mr. Modi’s visit, the latest one is much shorter and talks about strengthening relations on the basis of “equality, mutual trust, respect and benefit”.

Difficult issues do not find any mention:

- review of the **contentious 1950 Treaty**,
- recruitment of **Nepali nationals in the Gurkha regiments** of the Indian Army,
- resolving the **fallout of the 2016 demonetisation** exercise which has left the Nepal Rastra Bank holding a stock of Indian currency,
- long-pending hydel projects like Pancheshwar,
- resumption of the **SAARC** summit process which remains stalled since 2016 after Jaish-e-Mohammed militants attacked the Army base in Uri, and
- Need for an **inclusive political process**.

Yet it is a step forward from Mr. Oli’s last visit in February 2016 when there was no Joint Statement.

PM Modi's visit to Nepal (PM Modi's third visit to Nepal in 4 years in May 2018)**Joint Statement**

Laid the foundation stone of a long pending hydro-power project Arun-III (900MW), and decided to finalise the DPR of more than two decade old multipurpose project of Pancheswar (4,500 MW power and irrigation).

Urgent attention will also be paid to the problems of river training, inundation and flood control on the common border.

S D Muni (May 2018)

An unimaginative muscular diplomacy that glorified itself in avoidable physical and diplomatic intrusions in the neighboring countries, and India’s incorrigible delivery deficit between promise and performance did not allow the Neighborhood First policy to flower as envisaged. **Neighborhood First 2.0** has therefore been liberated from muscular diplomacy and is aimed at reducing the **delivery deficit** as much and as fast as possible.

By repeatedly invoking civilisational and cultural bonds between India and Nepal, Modi tried to reach out to the Nepali people saying that individuals and the governments come and go but relations between the two people are beyond periodic political tensions and differences.

Modi has given a new **5T (Tradition, Trade, Tourism, Technology and Transport)** formula to Nepal during this visit.

It remains to be seen how this political will at the highest levels will be matched by the efficiency of the respective financial, bureaucratic and technical components of the systems of these two countries.

PM Modi visited Nepal for the 4th Fourth BIMSTEC Summit (30-31 August 2018) and reviewed the progress in bilateral ties since his last visit to Nepal in May 2018. This was also his 4th visit to Nepal since his government came to power.

Way Forward for India-Nepal relations

From 'India-locked' to 'India Open' (Shyam Saran)

There is a sense of discomfort in Nepal to the notion of being under siege as the country is landlocked and dependent on transit through India for trade with third countries.

- e.g. virtual blockade imposed on Nepal in 1987 when King Birendra began to lean more towards China and purchases arms from it; **Madhesi blockade in 2015**.
- While the denial of transit is powerful negative leverage, it leads to hostile sentiments among this people of Nepal and this is then exploited by Nepali politicians for their own political ambitions.
- India should seek to become the transit country of choice for Nepal by offering it open access to its transportation and ports, extending that country's efficient and economical services. This will create positive interdependency rather than negative leverage.
- The tendency in India is to regard Nepal's dependence on India for transit as leverage against it. But any exercise of this leverage only ends up intensifying anti-Indian sentiment in the country. It reinforces the sense of siege that Nepalis feel -'India-locked', as they call it. In my view a better approach would be to offer Nepal 'national treatment' on the Indian transport network, allowing them the use of our roads and ports on the same terms as for Indian citizens and companies. The effort should be to convince Nepal that they are 'India Open', not India-locked.
- At the same time, modern and efficient cross-border infrastructure in the form of highways, railways and state-of-the-art digital links must be built.

Cultivating constituencies with positive sentiments towards India (Shyam Saran)

- There are **six million to eight million Nepalis who live and work in India**, according to Indian home ministry estimates. They are a major asset for India, and are truly ambassadors of friendship between the two countries.
- **Amb. Jayant Prasad**: The open border is a "safety-valve" for Nepal. Without compromising India's security, the challenge is to turn it into a bridge, not a barrier.
 - India would do well to propose easing remittances and exchanging currencies, reducing telephone calling costs (calls from India and Nepal to Europe or the U.S. cost less than between the two neighbours), expanding educational opportunities, ensuring more dignified border crossings, increasing cross-border social and cultural linkages, improving road and rail transportation links, relaxing rules for border trade for private consumption, better managing the Das Gaja land at unmonitored border crossing points, and improving coordination between the respective border district officials for prompt resolution of local issues.
- Nepali's who have served in the **Gurkha regiments** are patriotic Nepalis but also have a deep attachment to India and to the Indian Army. They constitute an invaluable bank and network of goodwill for India.
- We have been too focused on the political shadow play in Kathmandu and have paid little attention to engaging and cultivating constituencies with positive sentiments towards India, such as the vast network of Indian Army pensioners, the **Madhesis living in the plains** adjacent to India and the very large number of young Nepalis who study, live and work in India. The objective should be to work on these constituencies and make them instruments of real political influence.

- The Terai plains were completely neglected until the Indian embassy began some community projects here. The Madhesis were subject to discriminatory citizenship regulations. They were not given citizenship papers despite being the original inhabitants of the plains. It was as a result of the Madhesi Jana Andolan that over four million Madhesis finally won citizenship rights in 2008. After decades of oppression, members of a disadvantaged community was now able to play a political role in their country.

Nepal - Can it be the most successful and affluent economy in South Asia?

- The root of its poverty and underdeveloped status lies in the mindset of its political elite, which prefers to see India as a threat rather than an opportunity.
- Thanks to its open border with India and its privileged access to our expanding market, neither its size nor its population should limit its economic prospects.
- Given its pleasant climate and magnificent landscape, it could transform itself into a regional centre for high-quality education and health services, not to mention tourism.
- Hydropower generation sector - Hydropower generation in Nepal is, unbelievably, less than half per cent of what can be produced. Nepal's installed hydel capacity is less than 700 MW while it sits on a hydel potential of over 80,000 MW and has to import electricity from India during the lean season.
 - The success that Bhutan has achieved in utilizing its more limited hydropower potential to become the richest country in South Asia in per capita income terms by selling power to India is seen by the Kathmandu elite as evidence, not of mutually advantageous interdependence, but of Bhutan's subservience to India.

Prashant Jha (April 2018)

The **dominant school of thought in Delhi** believes that India has to respect the democratic mandate of the Nepali people, or else it would end up further alienating popular opinion;

- Oli must be given a chance and it is important to wait and watch how Oli engages with both India and China; that if he wants to indeed develop Nepal and leave a legacy, he cannot antagonise India;
- India does not have much of a choice either - Prachanda is unreliable, the Nepali Congress (NC) is weak, and Madhesi parties are geographically limited to eight districts and backing them publicly invites the wrath of Kathmandu's political elites and pushes it towards China further.

However, a section of India's intelligentsia put a **cautionary note**. They believe while engaging with Oli is a necessity, India is underestimating the inherent dangers.

- They argue China has brought Oli and Maoists together; Oli's primary loyalty will be to the 'north'; India should not get misled by optics; Oli will sooner or later cross the strategic 'redlines'; it is important that India has alternatives at that point; the current approach will leave Oli so strong that it will be difficult to dislodge him;
- Delhi must continue to engage with Maoist leader Prachanda and seek to wean him away from Oli to break their alliance; it must also work to strengthen the NC and Madhesis and create a coalition which can take on the UML eventually; India is currently appearing weak and Nepali political actors will not take Indian power and messages seriously.

Kanak Mani Dixit (Feb. 2018): Tagging Mr. Oli as 'anti-Indian' is not sensible, for being 'pro-Nepal' does not ipso facto mean animosity towards India. And New Delhi may be surprised to find Mr. Oli more than willing to reciprocate its overtures, providing reassurance that Kathmandu will never act against India's security interests, while insisting that in all other areas Nepal will take its own decisions.

C Raja Mohan: (Nov. 2016)

For India, Nepal is the “Punya Bhoomi”, as PM Modi often reminds us. Nepal’s sacred geography is a living repository of the Subcontinent’s spiritual heritage. **For Nepal, India is** the vast economic hinterland and may well be called its **“Karma Bhoomi”**. If their destinies are inseparably intertwined, problems have often arisen whenever Delhi or Kathmandu has acted against the logic of extraordinary interdependence.

Delhi must learn to resist the temptation to meddle in Nepal’s political processes. Frequent interventions, in pursuit of tactical goals, damage India’s strategic interests in Nepal.

C Raja Mohan (April 2018): **Mutual respect is the key**

Whether we like it or not, standing up against India has unfortunately become an important part of Nepal’s definition of sovereignty. For most of Delhi’s neighbours, the deep intimacy and interdependence with India is at once the basis for a special relationship and profound resentment.

Three broad imperatives stand out for Delhi.

- i. **Acknowledge Nepal’s sovereignty and promise to conduct relations on that basis.**
 - Delhi needs to shift from underlining “the special relationship” with Nepal to one based on “sovereign equality”. India should stop meddling in Nepal’s internal affairs and focus more on the state-to-state relationship. This is not a favour from Delhi to Nepal. It is in India’s interest to have a strong and sovereign Nepal on its northern frontiers.
- ii. **Instead of demanding an “India first policy”, affirm that India’s strong support for a “Nepal first” policy.**
 - Situated between the world’s two fastest growing economies, Nepal has every reason to benefit from its location.
 - Oli should have no problem recognising the unique nature of Nepal’s relationship with India marked by the national treatment given to Nepali citizens, an open border, and easiest access to the sea.
 - Even more important, Oli, elected with a strong mandate, is in a good position to build a confident Nepal that can depoliticise economic cooperation with India.
- iii. Delhi’s economic policies have prevented the **full development of the natural economic complementarity** between the two countries.
 - The rotting trade infrastructure on the long and open border, Delhi’s cumbersome procedures for administering economic assistance and the inability to implement infrastructure projects in reasonable time, have all added to India’s woes in Nepal.

The suggestion that the two sides must focus on the already committed projects and the ones that promise early returns to the people on both sides of the border is a good one. An emphasis on projects relating to cross-border trade, transport and tourism could be the beginning of a solid economic foundation for a sustainable political partnership with sovereign Nepal.

Prof. S D Muni (April 2018)

The reset process will sustain and gather momentum only if India makes a strategic shift in the way it handles Nepal. India must not get into playing a chess game of seeking pliable regimes in Kathmandu. Much of India’s response would also depend on the extent to which Oli regime is willing and capable of respecting India’s concerns and sensitivities.

While building infrastructure projects with the Chinese money, it will have to ensure that China does not get undue advantage to encroach upon India's strategic space in Nepal. India would find it very hard to accept its security interests compromised by letting China use its infrastructure projects for strategic purposes or for gaining presence in the southern Terai belt.

Conclusion: Driven by anxiety over our declining influence, the temptation to intervene in Nepal's domestic politics and label its political leaders as our friends or enemies has always proved to be counterproductive. Such intervention creates popular resentment and can turn friends into enemies. It is far better to adhere to positions of principle, and to advocate policies rather than persons. If India is seen as avoiding playing favourites and engaging with the widest possible political spectrum in Nepal it has a better chance of influencing developments there.

FIPIC, India-Pacific Island Nations

As India's politico-military orientation is adjusting to the change in the United States' Command structure and geostrategic orientation from the Asia-Pacific to Indo-Pacific, the region of Pacific Islands will get more strategic attention from India. The region of the Pacific Islands in Oceania had long been neglected in India's maritime strategic thinking.

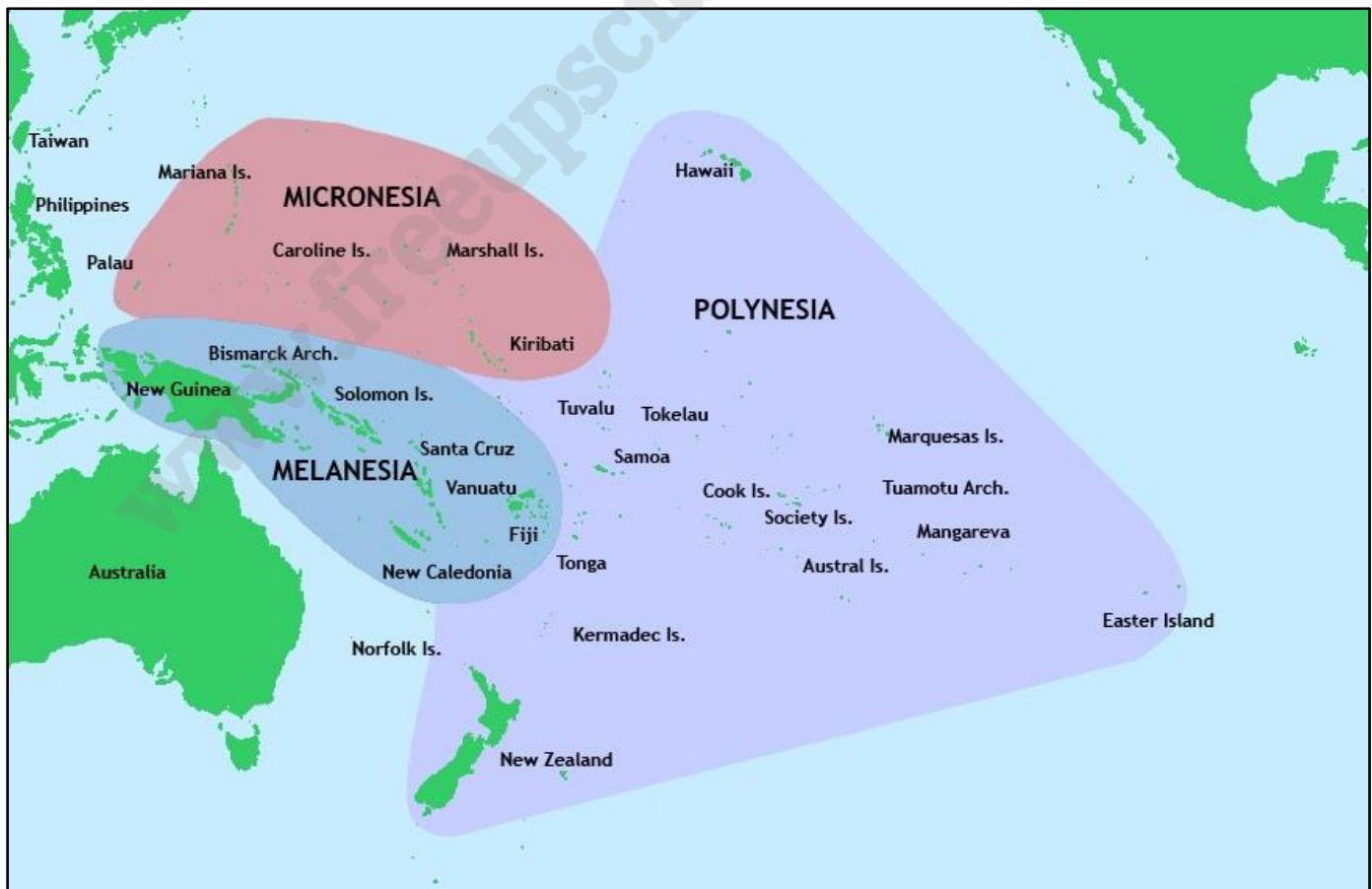
The Pacific has for long been an area of geostrategic interest for countries such as the US, Japan, China, Russia, Australia, and Indonesia – large economies which lie on its boundary.

Australia and New Zealand – have tended to dominate regional cooperation forums such as the **Pacific Islands Forum (PIF)**.

- The PIF was formed in 1999 as a successor to the earlier South Pacific Forum set up in 1971. Regional cooperation has grown steadily under the aegis of the PIF.
- India is a dialogue partner of the Pacific Island Forum (PIF).

Forum for India–Pacific Islands Cooperation (FIPIC) was launched during the visit of PM Modi to Fiji in November 2014.

- **Member Countries** - India and **14 Pacific Island countries**, namely Fiji, Cook Islands, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.



- **Summits:**
 - 1st Summit in Fiji in November 2014
 - 2nd Summit (FIPIC-2) in Jaipur on 21-22 August 2015

India's Pacific Islands Presence

- India has only two diplomatic missions in Fiji and Papua New Guinea. Also, none of our two missions have military attaches. Perhaps India should take heed of China's lead and **open more diplomatic missions in FICs** (China has seven missions).
- **The Fiji Factor** - Fiji has a significant Indo-Fijian population, about 40 percent of the total population, wielding political influence.
- The Indian diplomatic mission in New Zealand has concurrent accreditation to three Pacific Islands, Kiribati, Nauru, and Samoa, making it a mix of primarily Micronesian and Polynesian diplomatic outreach.

While **Australia remains the highest aid-donor, Chinese investment in the region is climbing**; China's trademark among Pacific islands has been a savvy combination of readily available low-interest loans, gifts to those in power, as well as the generous clearance of unpaid debts.

The region hold the keys to some of the world's most highly demanded resources.

- Enormous and overlapping exclusive economic zones (**EEZs**),
- ownership over vast and untapped **natural resources** as well as the lion's share of the world's **tuna** supply
- Management of fisheries and development of aquaculture and the "blue economy" are particularly important.

The Pacific is also of **strategic and political importance**;

- Key sea lines of communication (**SLOCs**), age-old trade routes between Asia and the Americas,
- Hold a crucial 14 votes at international multilateral fora.
 - 2nd FIPIC Summit (2015) - member countries pledged their support for India's Permanent Membership in the UNSC
- A region of enormous potential due in part to their steady and bold exit from an era of ANZUS (Australia New Zealand and the United States) influence. No longer the "American Lake" of the post-war period.

Maritime Security

- As China is contemplating a naval base in Vanuatu, India's maritime presence in the Pacific Islands may be welcomed by countries such as Australia, New Zealand, the United States, Indonesia, and even France.
- A Chinese base in Vanuatu would have the potential to be turned into a military "intelligence platform" especially due to its vicinity to Australia and New Zealand, both close allies of the United States and part of the Five Eyes Intelligence Alliance.
- France has military bases and overseas territories in the South Pacific. Paris recently signed with New Delhi a Logistics Exchange Agreement similar to the India-U.S. LEMOA.
 - PIF has promoted New Caledonia and French Polynesia to fully fledged members of the forum, which encourages yet another world power (the French Republic) to compete for its maritime interests.
- Indian Navy's direct support and capacity building, especially for coastal surveillance and hydrographic surveys, to gain a better understanding of maritime zones and strengthen security of EEZs.

India's assistance projects

- **Climate Change and Clean Energy** - Setting up of a special USD one million adaptation fund,
- **Trade** - establishing a trade office in India,
- **Digital connectivity** - Pan Pacific Islands e-network to improve digital connectivity,
- **Tourism** - extending visa on arrival at Indian airports for all the 14 Pacific Island countries,
- **Space technology applications** - to help in inventory of land and water resources; fish zoning; forest resources management; coastal and ocean studies; weather and climate change; and, disaster management support.
 - India can assist in setting up a 'Space Technology Applications Centre' in any one of the Pacific Island Countries for the entire region and enhance support for training in space applications, including through customized courses.
- "**Grant-in-Aid**" - India has increased the annual grant from USD 125,000 to 200,000 to each of the 14 Pacific Countries for community projects of their choice.
- **Disaster Management** - India has offered to create capacity in Island States to deal with natural disasters, including through human resource development and application of space technology for early warning system and incident response.
- **Human resources/Capacity building areas** -
 - Indian Technical and Economic Cooperation training programme,
 - Scholarships for college education in India,
 - Training courses for Pacific Island diplomats,
 - Business management course at the globally renowned IIM Bengaluru,
 - Training solar engineers.
 - IT laboratory to improve local IT infrastructure, and help to provide tele-medicine and tele-education to the people.

Conclusion:

The package of projects and activities has now to be matched by delivery and implementation, which are challenging tasks for the government.

- The PIF countries face significant development challenges and threats from global warming induced rise in sea levels and extreme weather events. Transport, communications, renewable energy, health services, fisheries ("blue" economy), and agro-based industries are areas where India can make an impact.

India's expanding reach in the South Pacific in general and Pacific Islands in particular will be a part of its expanding maritime reach. India will be improving its existing diplomatic, economic, and cultural ties in the region as an overall part of its strategic outreach in the Indo-Pacific and beyond.

To the Pacific, India represents an emerging global power that is not associated with colonial oppression (see France), opaque and worrisome investment (see China), nor bad blood in Forum politics (see Australia and New Zealand). And to India, the Pacific is the next frontier in fulfillment of its "**Act East**" **policy**—a firm step east from Southeast Asia.

In a shrinking world, distance need not be a barrier to closer relations.

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Non-Aligned Movement (NAM)

The Non Aligned Movement came into being 55 years ago when leaders of 25 developing countries met at the 1961 Belgrade Conference. **17th NAM Summit** was held at Margarita Island in **Venezuela in September 2016**.

Presently **120 developing countries are members** of this Movement. The NAM Summits are among the largest gathering of countries, after the UN.

- 53 countries from Africa, 39 from Asia, 26 from Latin America and the Caribbean and 2 from Europe (Belarus, Azerbaijan).
- There are 17 countries and 10 international organizations that are Observers at NAM.

NAM's current relevance in context of India (MEA Website)

1. NAM is also an important forum for interaction with partner countries across continents, including from Africa, CARICOM, Small Island Developing States (SIDS) and LDCs, with whom we have longstanding development partnerships in a spirit of south-south cooperation.
2. NAM continues to represent space for action in pursuance of the collective interests of the developing world, alongwith the G-77, especially on subject such as the reform of the global economic system and disarmament.
3. At the UN, the NAM is an influential grouping on a range of issues such as UN peacekeeping and disarmament.

Vice President Hamid Ansari's address at the 17th NAM Summit (Sept. 2016)

The foundations of NAM Movement, are as relevant today as they were at the time of our first Summit.

- “**respect for sovereignty**”,
- “**peaceful settlement of disputes**” and
- “**international cooperation**”

NAM's **theme** for the next three years – “**Peace, Sovereignty and Solidarity for Development**” – is in congruence with our founding principles.

- Cooperation, and Development Cooperation, is an essential means of SDGs in the Agenda 2030.
- Peace and Sovereignty – are a pre-requisite for development.

Main Challenge: To modernize the manner in which NAM functions (a discussion already began on this at the **Cartagena Summit in 1995**). This discussion must continue and fructify so that NAM may achieve its full potential.

- In order to enhance the role of the Movement, it is essential to bolster its internal strength.
- The need to extend and enhance co-ordination and to study the possibility of holding consultations, on a regular basis through the Coordinating Bureau.
- To improve the mechanism for enhancing the role of the NAM in conformity with changes in the international situation so that the Movement is able to respond effectively and expeditiously to the current challenges.

Shyam Saran (*Book: How India Sees the World*): It is important to make a distinction between non-alignment as a foreign policy choice for India and the Non-Aligned Movement (NAM).

- NAM was born as a movement of developing countries that shunned military alliances and wished to jointly play a role in promoting peace, disarmament and development.

- Leadership of the NAM also fetched India great political leverage in its relations with the superpowers and their allies, compensating to some extent its lack of significant economic and military capabilities.

While the NAM lost much of its relevance with the end of the Cold War, non-alignment as a principle governing Indian foreign policy remains relevant to this day.

C Raja Mohan: NAM - a movement in Coma

The non-aligned project has long stopped being a foreign policy priority for its members. The sparse attendance by heads of government or state at the Venezuela Summit, is evidence that the key developing nations have other pressing issues on their mind.

- In the previous summits, be it the Havana Summit in 2006, Sharm el-Sheikh Summit in Egypt during 2009 or Tehran summit during 2012, the **only point of interest was on bilateral between India and Pakistan**.
- While Nehru was solidly committed to non-alignment as a national strategy, he was none too enthusiastic about a movement in its name. He wondered if it made any sense to set up a third bloc when you are objecting to the very notion of blocs.
- The idea that NAM was a radical “anti-imperialist” project was really a product of the 1970s when four summits in quick succession in Lusaka (1970), Algiers (1973), Colombo (1976) and Havana (1979) unveiled sweeping rhetoric about constructing a “new world order”.

It was not the end of the Cold War that made the NAM irrelevant. The movement was dysfunctional well before that. It was **never really possible to harmonise the economic and political interests of so many different countries**. If the rhetoric of the 1970s papered over the internal contradictions, the 1980s mercilessly exposed them; the NAM has not recovered since.

Although the movement has been in coma for long, few would dare to pronounce it dead, let alone call for its burial. The triennial political ritual will therefore continue. For most countries **its only diplomatic utility lies in bringing their particular national issues to the fore in a large international gathering**. It's no surprise then India was so focused on getting its concerns about cross-border terrorism from Pakistan heard at the summit.

Prof. Vijay Prasad: At the 1973 NAM meeting in **Algiers**, the member states laid out the **New International Economic Order (NIEO)**, a charter for a different way to manage political disagreements and trade across states. The NIEO proposed a new path. It had an electric effect, but it died in the rubble of the debt crisis. **A new charter for a 21st century NAM is needed. If the NAM is to be relevant, it needs to develop such a visionary document.**

Political Science Crash Course

India – China: Recent Developments

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1) INDIA CHINA ECONOMIC RELATIONS

- **Why in news?**
 - India China bilateral trade hits historic high of \$84.44 billion in 2017.
- **Example Questions**
 - Trade war by USA provides a unique opportunity for India and China to enhance their trade relations. Discuss [12.5 marks, 200 words]
 - Current Bilateral Trade between India and China is unsustainable. Discuss [10 marks, 150 words]
- **Background**
 - The constraint relation between the two countries had affected the trade potential between the two countries initially. But the 21st century came with positive tidings for trade and commerce between the two countries. The two countries decided that the political tensions will not be allowed to negatively impact business and commerce.
 - This can be seen in the increase of bilateral trade from \$2.21 billion in 2000 to \$73.9 billion in 2011. The two countries had set the target of \$100 billion of trade by 2015.
 - By 2010, China had become the biggest trading partner of India, overtaking the United States.
 - **But,** since than the trade has become more or less stagnant and had hovered around \$70 billion.
- **Highest bilateral trade in 2017**
 - The bilateral trade rose by \$84.44 billion in 2017 (it was \$71.18 billion in 2016). This is an increase of about 18% per annum. Another significant aspect was that India's export grew by 40% to reach \$16 billion.
 - The achievement becomes more significant in the backdrop of a number of bilateral issues like differences on CPEC, Doklam crisis, China's blocking of UN ban against Masood Azhar, China blocking India's NSG membership etc.
 - India has emerged as the 7th largest export destination for Chinese products and the 24th largest exporter to China.
- **Significance of good trade relations with China**
 - **Normalization of relations on other fronts**
 - 'When good don't cross borders, soldiers will'
 - **Integration into international supply chain**
 - India is not integrated into international supply chains like East Asia economies. But the weight of Chinese economy is steadily pulling India into closer and closer economic ties with its big neighbours.
- **Key concerns in India-China Trade**
 - **Trade Deficit** remains very high at \$51.75 billion (68-16) and registered a growth of 8.55% year on year in 2017. This is despite an agreement in Sep 2014 to reach a trade balance by 2019.
 - **Composition of bilateral trade:** India's export most consist of raw materials (Copper, iron ore, organic chemicals, cotton yarn etc.) whereas China's exports were dominated by manufactured goods (electronics products, electric machinery and equipment, fertilizer etc). This is reminiscent of the pattern of trade between developed and developing countries during the post second world war period.
 - **Dumping of manufactured good by China**
- **Why trade deficit?**



- a. **China has a comparative advantage in manufacturing** and thus India has a very little scope for growth.
- b. **On Pharmaceuticals** China impose a number of tariff and non-tariff barriers.
- c. **India's IT sector** is not able to make a big break through there because of China's opaque state controlled and state owned enterprises.
- d. **Indian commodities like basmati rice and oilseeds** face a number of red Tapis which seems mostly political.

- **Other Recent Developments**

- **Trade Ministers meet in March 2018** resulted in India persuading China to give a commitment on accelerating market access for Pharma products apart from agri-commodities.
 - The two sides have agreed to **draw a medium and long term road map** with action points and timelines to address the \$51 billion trade deficit between them.
- **Impact of Trump's trade war on India-China trade relations**
 - Both the countries have offered to join hands during the PM Modi's meeting with Chinese President Xi Jingping, in Wuhan.

- **How can we reduce the trade deficit?**

- Pressurizing China to open IT and Pharmaceutical sectors for Indian firms.
- Promoting FDI from China in India. This will help us in expanding our manufacturing strength.
 - India has a comparative advantage to attract this FDI because of its demographic dividend.
 - For now, Chinese FDI is negligible in India around 200-300 million \$.
- **Address the problem of Dumping**
 - India has already started to take steps in this regard. In Oct, 2017 we imposed anti-dumping duties on stainless steel.
- **In long term, we will need to strengthen our manufacturing sector** in order for our industries to compete well with the Chinese industries.
 - This will also help us in diversifying our exports to manufacturing products.
- India also needs to benefit more from multilateral rules such as by WTO to address the trade distorting practices.

- **Conclusion**

- A trade deficit as huge as USD 51.08 billion is clearly not sustainable and will only weaken the fundamental of Indian economy. This needs to be addressed with utmost urgency. Increasing labor cost in China and focus on Make in India in India should serve us to deal with the current situation.

2) XI JINGPING'S PERMANENT PRESIDENCY AND ITS IMPACT ON INDIA

- **Why in news?**
 - In Feb 2018, the 13th National People Congress (NPC), through an Constitutional amendment removed the two-term limit for the post of President and Vice President.
 - This will allow Xi Jingping to hold office for at least another term after his second term ends in 2023.
- **Example Question**
 - "Removal of the two-term limit of the office of Chinese President will affect India negatively". Critically analyze [10 marks, 150 words]
- **Quote**
 - "Power tends to corrupt, and absolute power corrupts absolutely": John Acton
- **Intro**
 - The removal of term limit for Vice President and President is a major development in Chinese political history. This was only the 5th occasion since 1982 that the constitution has been amended.

- **Note:** Xi is already General Secretary of the Communist Party of China (CPC) and Chairman of Central Military Commission (CMC). There is no term limit for General Secretary of CPC and Chairman of CMC
 - Secretary General of CMC tends to have a lot of domestic power
- **Why was it done?**
 - Xi's continuation into a third term as president would mean a strong and institutionalized authoritarian regime with the full backing of PLA and CPC over the next decade. It indicates unified leadership in times to come.
 - The amendment was done keeping domestic imperatives in mind.
 - i. Economy has been in stress recently. Debt to GDP Ratio is more than 250%.
 - ii. Projects like BRI needs long term nurturing.
 - iii. Anti-corruption drive needs long term actions.
 - Under these circumstances, a long term leadership will provide stability to the system.
- **Some criticism**
 - Political reforms are becoming secondary in China.
 - Civil participation and freedom of people are becoming sub-ordinate to the CPC's political culture of managing the country through arbitrary rules set by the rulers.
 - This brings back authoritarian culture in rule making which China had moved away from in post-Mao period.
- **Impact on China's Foreign Policy**
 - It guarantees continuation and evolution of major initiatives like BRI over the next decade or so.
 - World is likely to witness continuation in China's Asia-Pacific Strategy.
 - In Asia Pacific, China doesn't only want to increase its influence but also wants to check US influence by gradually changing the status quo of the region.
 - It is trying to do it through bilateral and multilateral security contacts, pursuing better economic cooperation through FTAs, and focusing on regional economic integration and connectivity. These are the major features of China's Asia-Pacific Strategy.
 - A strong headed leadership may force many Asian countries to rethink their relation with China, especially in light of confusion regarding US' role in the region.
- **Implication for India and India-China Relations**
 - Chinese foreign policy will become more BRI centric in the years to come. This will pose an even more severe test for India in the neighbourhood, and in Asia at large, than what new Delhi is facing today.
 - A stronger Xi also suggests that China may not shy from displaying its muscular foreign and defence policy in either Indo-Pacific or India Ocean Region or along LAC, posing challenges to India's security.
 - China could seek to push deeper into each of India's neighbouring countries, keeping India on its toes as it tries to keep its relations intact with all these countries.
 - **Boundary negotiations may progress**
 - Engaging with a strong leadership to find a solution to the boundary dispute is a better proposition than struggling to find a solution under a weak leadership.
 - Continuity of leadership will also be beneficial from current negotiations perspective.
 - But, at the same time we should understand that getting any kind of concession from a strong leader will be difficult.
- **Way forward for India**
 - India should carefully understand the evolving foreign policy strategy of China under Xi Jingping, and notably, his worldview, and try to position bilateral relations accordingly.
 - Further, as was seen in the recent Wuhan summit, the two leaders Modi and Xi Jingping have expressed interest in having forward looking constructive relationship to nurture ahead our developmental

partnership. Both sides should therefore focus on how to develop this developmental partnership while improving overall bilateral relations.

- On India's part, this should be carried out proactively without overlooking the changes and challenges that Xi's extended presidency brings to the region and the world in general.

3) WUHAN SUMMIT AND ITS IMPLICATIONS

- **Why in news?**
 - Informal Summit between China and India held at Wuhan in April 2018.
- **Background**
 - India-China relation had been passing through one of their worst phases in recent years. The Doklam crisis, India's NSG membership issue, China blocking sanctions on Masood Azhar at UN, India's opposition to BRI etc had raised the bilateral tensions between the two countries.
 - Both sides had emerged bruised from Doklam, and having sold their preferred version of how the standoff ended for domestic and political purpose, the desire for stabilization of relations was visible from last year.
 - Wuhan summit should be seen in the context of this vitiated atmosphere and a strong desire for stability and rapprochement. The meeting flowed from the understanding reached by the two leaders last year that India-China relations are a factor for stability in a period of global changes.
 - It was an attempt to halt the negative momentum in India-China relations.
- **Important Quotes**
 - "*If war has become too important to be left to the generals in modern era, high-stakes diplomacy is too important to be left to diplomats*". **C Raja Mohan**.
 - In agreeing to meet at the informal Wuhan summit the leaders of the two countries have agreed to take charge of the relationship.
- **Global Factors which led to the summit**
 - **China's position is being challenged by US** and it has cast a shadow over the sense of China's inevitable and indisputable primacy over Asia.
 - President Trump has shown willingness to confront China on trade issues
 - His efforts towards changing status quo in the Korean peninsula
 - Therefore, Beijing has started hinting flexibility to cover the massive geopolitical risk engendered by Trump.
 - So, while China explores a compromise with USA, it is also reaching out to its Asian neighbours, including Japan, Vietnam and India.
- **Bilateral and domestic factors which led to summit**
 - Doklam crisis brought home to both the governments the risk of an unrelenting tough stand.
 - This was followed by China building up its forces along the Line of Actual Control.
 - Further, China understands the need to reduce tensions in its periphery, especially with large nations like India.
 - Re-initiation of Quad Security dialogue may also be one of the consideration
 - Moreover, need of a calm and peaceful India-China border during the 2019 general elections in India for political gains could be another consideration.
- **The Summit**
 - The Prime Minister of India, Narendra Modi and President of People's Republic of China, Mr. Xi Jingping held their first informal summit at Wuhan on April 27-28, 2018.
 - The **basic objective** of the informal summit was to have an overall discussion on the overarching issues of bilateral and global importance and to elaborate on the respective visions and priorities of both leaders for national development in the context of current and future international situation.
- **Key Outcomes**

- **Call for Peaceful, Stable and Balanced relations**
 - The two leaders reviewed development of bilateral relations from strategic and long term perspective. They agreed that pursuing of stable and balanced relations by India and China will be a positive factor of stability among current global uncertainties and will be conducive for the development and prosperity of the region.
 - To this end, they decided to strengthen the Closer Development Partnership in a mutually beneficial and sustainable manner, in pursuit of national modernization and greater prosperity for their people.
 - They also agreed that both sides should have maturity and wisdom to handle the differences through peaceful discussions within the context of overall relationship, bearing in mind the importance of respecting each other's sensitivities, concerns and aspirations.
- **On Border Issues**
 - The two leaders underscored the importance of maintaining peace and tranquillity in all areas of the Indo-China border region in the larger interest of the overall development of bilateral relations.
 - To this end, they issued strategic guidance to their respective militaries to strengthen communication in order to build trust and mutual understanding and enhance predictability and effectiveness in the management of border affairs.
 - They also directed militaries to earnestly implement various CBMs agreed upon between the two sides, including the principle of mutual and equal security, and strengthen existing institutional arrangements and information sharing mechanisms to prevent incidents in border region.
 - They endorsed the **work of Special Representatives** on the India-China Boundary Question and urged them to intensify their efforts to seek a fair, reasonable and mutually acceptable settlement.
- **Bilateral Trade and Investment**
 - The two leaders agreed to push forward bilateral trade and investment in a balanced and sustainable manner by taking advantage of complementarities between their two economies.
 - PM Modi also mentioned a few possibilities of Agri-exports and Pharmaceutical exports to China which can help in moving towards balance of trade.
- **Increasing Cultural and People to People Contact**
 - The two leaders felt that cultural exchanges are still fragmented to some extent.
 - There were discussions on ways to promote greater cultural and people-to-people exchanges. There were proposals to find ways to collaborate in the areas of spirituality, trade, technology, entertainment etc.
- **Joining hands to find sustainable and innovative solution to main challenges faced by Humankind**
 - These include combating diseases, coordinating actions for disaster risk reduction and mitigation, addressing climate change and ushering digital empowerment.
- **Joint Project in Afghanistan**
 - India and China have also agreed to take a joint project in war-torn Afghanistan.
 - It could be instrumental in mitigating the trust deficit between the two sides.
- **Open, multi-polar, pluralist and participatory global economic order**
 - The two leaders reiterated the importance of building an open, multi-polar, pluralist, and participatory global economic order.
- **Terrorism**
 - The two leaders recognized the common threats posed by terrorism, and reiterated their strong condemnation of and resolute opposition to terrorism in all its forms and manifestation. They committed themselves to cooperate on counter-terrorism.
- **More Informal summits in future**

- The two leaders highly assessed the opportunity for direct, free and candid exchange of views offered by the Informal Summit and agreed on the utility of holding more such dialogues in future.
- **Key Significance of the dialogue**
 - **Leader-led Engagement:** According to C Raja Mohan, the Leader-led engagement should help in reducing the bureaucratization of relations between India and China
 - India - China bilateral relations has been highly bureaucratized in the handful of diplomats. This narrow interface has over the years not helped in reducing long-standing bilateral issues.
 - The meet highlighted the need for the two sides to communicate more effectively.
 - **Stabilizing the relations**
 - The summit has resulted in direct and candid exchange of views and saw a reset in the tone of the two countries.
 - It raised the level of strategic communication about the perspective, priorities and vision that guide their respective policy choices domestically, regionally and globally.
 - Helped them in forging common understanding of the future direction of India-China relations built upon mutual respect for each other's developmental aspirations and prudent management of differences with mutual sensitivities.
 - The meet had **high symbolic value** as it gave direction that Sino-India tie will adopt in future.
 - **Hopes for more such summits**
 - An important take away was that this kind of arrangement between two leaders of informal meetings will continue.
 - **Visibility of Strong Political Will**
 - The post summit activities indicate the existence of political will on both the sides to take relations in a positive direction.
 - According to C. Raja Mohan the two principles which drove the informal summits were:
 - **Management of Differences on reasonable basis**
 - The two leaders agreed that the two countries have differences. But they insisted that differences mustn't turn into disputes and disputes shouldn't turn into conflicts.
 - **India-China cooperation in an unstable world**
 - World is entering a turbulent phase. Impact of President Trump on great power relations, politics of globalization etc is making the world turbulent.
 - A Stable India-China relation will be a positive force in this turbulent environment.
- **Some Limitations**
 - Despite the overt display of mutual goodwill, analysts have expressed skepticism that the growing strategic rivalry between the two ascending Asian powers would be fundamentally altered.
 - There was no concrete achievement of the meet.
- **Conclusion**
 - For the summit's success, both the leaders deserve credit.
 - Given the depth and breadth of the problems between India and China, the summit was not supposed to achieve a dramatic breakthrough on any of the key bilateral issues. But the two sides have been **successful in reducing tensions and gaining momentum on several issues.** The summit has engineered a badly needed thaw.
 - It has also opened doors for cooperation in new areas such as joint project in AF and more balanced economic interaction between the two sides.
 - More importantly, the summit has a potential, which if built upon properly, it may become the first step towards rethinking of India-China relations. The positive atmosphere and rhetoric of the Wuhan Summit, both amply covered in the media, suggests that both sides cautiously hope to move in such direction

4) COMPARING 2018 WUHAN SUMMIT WITH 1988 GANDHI DENG SUMMIT

- **Introduction**
 - The April 2018 Wuhan summit has raised hopes for reset between China and India in the mold of Prime Minister Rajiv Gandhi's ground-breaking visit to Beijing in 1988. The 1988 meeting had led to a relaunch of India-China relationship after a tensed period and decoupled it from their troublesome territorial dispute.
 - The summit had proved to be a turning point and paved the way for dramatic improvement in India-China relations in the 1990s and the early 2000s.
- **Similarities in the background of two summits:**
 - **Both Preceded by Military Standoff**
 - The Sumdorong Chu incident in 1987 and the Doklam standoff in 2017. Both these incidents made the leadership of the two countries realize the need to rethink the relations.
 - **A strong prime minister in India**, who had stood his ground during the standoff and took a risk of visiting China a year before a general election and was received by a powerful but conciliatory Chinese leader.
 - Both the summits concluded with the promise that the two sides will look into each other's concern and will work to reach a solution to their territorial disputes.
- **In this background, many experts have seen 2018 as a potential repeat of 1988.** But this kind of comparison **seems to be misguided** as the bilateral and international circumstances are very different now. While the Wuhan summit signifies a thaw, and opens the door for improvement, a 1988 style reset should not be expected from it.
- **Fundamental Differences between the situation of 1988 and 2018 overshadow the similarities**
 - **International Conditions**
 - International conditions in 2018 don't favor a complete reset of relations as was the case in 1988.
 - **In 1988:**
 - **Cold war was coming to an end.** This had negatively impacted Sino-Indian relations in the 1970s and 1980s.
 - **Soviet military intervention of Afghanistan** which was supported by India and opposed by China was also coming to an end.
 - **US led globalization** was surging ahead and integrating the world into a new international economic system.
 - All the above factors removed many of the obstacles which had existed in the improvement of bilateral relations and pressured both sides to come to negotiating table in the face of changing environment that presented them with uncertainty and potential new threats.
 - **In Contrast**, 2018's international scenario doesn't promote Sino-India amity
 - **The existing order in Asia is in crisis.** China is building foundations of an alternative international system while USA, Japan and Vietnam are resisting these changes. These uncertain times may put India and China on a collision course, and would make a reset much more difficult to accomplish.
 - **Bilateral relations are much more complex now**
 - In 1988, territorial dispute was the main tension point in improving relations. The decoupling of territorial dispute with rest of the relation allowed progress in other areas.
 - In 2018, India China relations are besieged by a number of contentious issues. These include the territorial disputes, China's expansion in Indian Ocean, India's increasing engagement with Chinese rivals such as USA and Japan, the China-Pak Axis, emerging arms race etc.
 - Therefore, it is difficult to separate the contentious issues with rest of the relations and manage them separately as was the case in 1988.
 - **Power balance between China and India have shifted**

- In 1988, China and India had comparable level of comprehensive national power and were both relatively weak in global terms. This allowed the two sides to negotiate and cooperate on equal basis.
- But in 2018, China is much more powerful than India and is thus more assertive.
- This has made negotiations and mutual accommodation much more difficult.
- **Legacy of three decades of false hopes, tensions and disappointments**
 - By 2018, negotiations over territorial disputes have dragged for 3 decades now, despite being elevated to highest level in 2005, with the special representative talks. Regular tensions on border continues.
 - Economic interaction has increased, but it has also created new tensions due to huge trade deficits.
 - All this has bred **cynicism and mistrust** which severely limit the chance of a real reset.
- Because of all the above reasons, expecting a reset in China-India relations due to Wuhan summit will be misplaced.
- Nevertheless, it doesn't mean that the Wuhan summit was not successful. It signifies a thaw between India and China and the hope of building a new, better relationship between Delhi and Beijing. This is an important step in the right direction, and the first on a long road.

5) IDEA OF QUAD AND ITS IMPLICATION ON CHINA

- **Why in news recently?**
 - On the sidelines of 31st ASEAN/East Asia summit in Nov 2017 in Manila, the four countries, India, USA, Japan and Australia rejoined in negotiations to revive the quadrilateral alliance.
- **Example Questions**
 - "Quad is a good idea, not quad plus". Comment [10 marks, 150 words]
 - "Quad is a decisive step towards the consolidation of the Strategic partnership with the US and its Asian allies, and in enhancing New Delhi's bargaining power vis-a-vis Beijing": Discuss [12.5 marks, 200 words]
- **Important Quotes**
 - "*India's decision to revive the quadrilateral security dialogue with Japan, the United States (US) and Australia marks an important departure in its engagement with the great powers. It is a decisive step towards the consolidation of the strategic partnerships with the US and its Asian allies, and in enhancing New Delhi's bargaining power vis-à-vis Beijing*": C Raja Mohan
- **Introduction**
 - The Quadrilateral Security Dialogue (QSD, also known as the Quad) is an informal security dialogue between the US, Japan, Australia and India. The dialogue was first initiated in 2007 on the initiative of Japanese Prime Minister and was paralleled by joint military exercises of an unprecedented scale.
 - **Response to China's Rise**
 - The diplomatic and military arrangement was widely viewed as a response to increased Chinese economic and military power. China responded by issuing formal diplomatic protests to its members.
 - **QSD had ceased** following the withdrawal of Australia during Kevin Rudd's tenure as PM of Australia. It reflected the ambivalence in Australia's policy over the growing tensions between the US and China in the Asia-Pacific.
- **The 2017 ASEAN SUMMIT**
 - The four members rejoined in negotiation to revive the quadrilateral alliance. Australian PM Malcolm Turnbull, Shinzo Abe of Japan, PM Modi of India and President Trump of USA agreed in Manila to revive the security pact.
- **What is the need of revival of Quad Forum:**
 - The Quad forum will act as a **platform for exchanging views on the strategic and economic landscape in the region** and practical cooperation. Through QUAD, India will be able to **consolidate the strategic partnership with the US and its Asian Allies**.
 - **Dealing with China's rise and its implications**
 - All the four countries have noted in different ways that China's rise have presented a serious challenge to a rule based international order. Thus to keep the balance of power steady in the region Quad has been mooted.
 - It will help in enhancing New Delhi's bargaining power vis-a-vis Beijing.
 - **Shared ideology**
 - Democracy, open seas etc. are some common themes which the four countries want to promote and their working together would make it easy to achieve these goals.
 - **Lack of competing interest between the quad members among regional security issue**
 - There is no conflicting interest between the member countries in South China Sea, East China sea etc. This will bind the members together.
 - Moreover, the four countries now have deeper cooperation than what was there in 2007.
 - **QUAD was seen with worries by China**
 - In 2007, China has raised objection to the idea of QUAD and hence it was clear that it has an impact on China.

- **Why Quad is being opposed?**
 - a. India is getting dragged into US-China rivalry.
 - b. Fear of provoking China when US commitment to the security of the region is uncertain.
 - c. India's political profile in the region will diminish if India accepts the need for assistance from other powers.
 - d. India should stay neutral and should not align with any of the poles.
- **Why the opposing argument not valid?**
 - As the world's largest economy and military power, US is more capable of dealing with China without India, than the vice-versa. So, India needs Quad more than USA.
 - Facing a huge deficit India needs partnership to balance China.
 - India collaborating with other powers will make India's neighbours more reassured.
 - Not aligning with anyone didn't help India in 1962 war. Not many countries chose to condemn Chinese aggression in 1962.
- **Why India had shown reluctance to accept Australia in the grouping?**
 - India, US and Japan already engage with each other at ministerial level trilateral dialogue and annual naval exercise. US and Japan have shown desire for acceptance of Australia in the group, but India has been reluctant because:
 - a. Australia had decided to exit quad way back in 2008 in deference to China's concerns.
 - b. Its economy is heavily dependent on commodities export to China.
 - c. Chinese money is deeply enmeshed into Australian politics because of lax rules regarding political funding.
 - d. Unlike Japan and India, Australia doesn't have any direct dispute with China.
 - e. Finally, India may also have been reluctant because of Chinese plans.
- **Why was there some merit in considering Australia's entry and concomitant resumption of the Quad?**
 - Canberra has been very critical of Chinese activities in South China Sea
 - Australia is mulling reforms in its political donation laws in order to reduce the foreign influence in elections
 - It is a major maritime democracy in the Indo-Pacific region
 - There are already three trilateral in operations (India-Japan-US, Japan-US-Australia, India-Japan-Australia) coalescing them into one quadrilateral will not be a bad idea.
 - Most importantly, when Quadrilateral engagement was attempted the last time, it was successful in making China sit up and take notice. In essence, the coming together of the four powers had worked.
- **Way forward**
 - **Working together and not visibility should be the focus**
 - Quad will be more sustainable and successful if officials and observers don't make a big deal about it.
 - It shouldn't be presented as a bloc or alliance against China. Such framing in the past had fueled backlash and led to demise of Quad.
 - **A Substantive purpose**
 - While there are benefits of engagement, a Quad will only succeed if it serves a substantive purpose.
 - There are a number of possible agenda items:
 - It can serve as a useful platform to share assessment of Chinese capabilities, intentions and actions, and ways of dealing with it.
 - Maritime security can be another focus area

Regional Connectivity is another subject of bilateral discussions between the countries and could benefit from a wider discussion.

Counter terrorism

- **Each meeting should end with some action items**
 - Or atleast, unlike the last time - an agreement on where to meet next.
- **Be prepared for Chinese Push Back**

- **Conclusion**

- Quad is not a silver bullet or an indispensable platform. But it can develop into a significant one for four countries who want to ensure that a rules-based order will prevail in the Indo-Pacific region rather than coercion-based one.
- The groupings can also help alleviate reliability concerns among participants by building trust and further habits of cooperation.
- This doesn't and shouldn't mean jettisoning other cooperative mechanisms or engagement with other countries, but it can become important way to share burdens in an Asia that is increasingly in flux.

- **Idea of Quad Plus**

- Japanese foreign Minister Taro Kono has gone a step ahead and suggested that Britain and France too could be involved in the grouping, thus giving the idea of Quad Plus.
- But this doesn't seem to be a good idea as:
 - a. They are extra-regional powers.
 - b. Both their capacity and willingness to engage in tough operations in the region is suspect in case the US Chickens out
 - c. Further, European powers are still fixated at Russia (rather than China) as their primary security threat.

- The **resumption of Quad is therefore a good idea but there isn't much rationale in involving Britain and France in it.**

6) CHINA'S MINING OPERATION ALONG THE NORTH-EASTERN STATE OF ARUNACHAL PRADESH

- Why in news?

- According to a report in South China Morning Post (SCMP), China has commenced a large-scale mining operation near its border along the north-eastern Indian state of Arunachal Pradesh. Mining is taking place in **Lhunze County** which falls in what Beijing calls "Southern Tibet", an area that includes parts of Arunachal Pradesh. (May 2018)



- Example Questions

- "Expanding of mining operation by China in Lhunze county along the Arunachal Pradesh border is an attempt to replicate the salami slicing strategy of South China Sea" Critically Analyze [10 marks, 150 words]

- Intro

- Beijing has continued and indeed doubled down on mining at the disputed Sino-Indian Border amid a period of heightened diplomatic sensitivity between the two rising powers.
- This massive mining activity across Arunachal Pradesh was preceded by years of building roads and other infrastructure. The major activity is around Lhunze county, which is Indian territory (part of AP) but under illegal occupation of China with PLA presence.

- Why: Three considerations explain China's continuing hardline position on mining

- i. **Consolidation of sovereignty over the region**
 - As China continues to develop the region which it controls along the border, its claim to the areas get stronger. This strengthens Beijing's hand at future border delineation negotiation with India.
- ii. **Need of regional balance of power** in the Indian Sub-continent
 - The continuing mining activities in Lhunze - while fully aware of India's aversion to any encroachment of its sovereignty - could be meant to signal Beijing's pushback against India's alignment with US under the Indo-Pacific Construct. This could be seen as part of China's efforts to maintain the geopolitical dynamics and the balance of power in the region.
- iii. **Economic Factor:** The value of minerals in billions make it lucrative for companies - often state owned - to build the necessary mining infrastructure.
 - Associated infra like roads, railways, airports etc also contribute to improvement in the lives of the locals.
 - The non-coastal part of China are poorer and thus vast inequality exists. This negatively impacts china's internal security especially in provinces such as Xinjiang and Tibet where ethnic tensions already exist.

- **Analysis: If China will replicate the "salami slicing" strategy executed in its claims over the South China Sea in South Tibet/ Arunachal Pradesh**
 - This may be a distinct possibility but, the South China dispute is fundamentally different from Sino-Indian border row.
 1. India, being a rising global power, is capable of countering Beijing geopolitically, diplomatically and militarily in a way South East Asian states can't.
 2. China's naval prowess far exceed south east Asian countries, but Chinese and Indian land forces have comparable capabilities at the border region.
 3. Further, the difficult terrain of the region will force Beijing to think twice before encroaching into Arunachal Pradesh in the manner it took over Scarborough Shoal from the Philippines.
 - Therefore, the likelihood of a gradual Chinese takeover of parts of Arunachal Pradesh - while not provoking a forceful response from India, is very low.

7) CHINA'S INCREASING PRESENCE IN INDIAN OCEAN REGION AND OPTIONS INDIA HAS

1. Introduction

- Over the years China has been able to string together a patronage of network of multiple South Asian coastal nations through
 - a. massive investment spending
 - b. focused port development projects and;
 - c. collaborative naval equipment transfers.
- This is China's **string of pearls strategy** through which it furtherns China's large military and commercial ambitions under the guise of economic development and has managed to bait nations out of India's strategic orbit.
- The recent ideological shift undertaken by Abdullah Yameen administration in the Maldives is an instance of this metamorphosis. The island nation has been transformed from a pro-India bastion to a Chinese client state. It is the latst pearl in the China's ascendency string.

2. How is China expanding its foothold in South Asia?

- China has employed a combination of hard military tactics, political patronage, and an ever widening list of economic dependents to gain a foothold in South Asia, progressing relatively unchecked in the quest.
 - South Asian navies have procured Chinese naval assets in large numbers, sometimes even engaging in joint development of combat ships and submarines.
 - Chinese investment in big-ticket maritime investment infrastructure, including deep water ports, has increased the maritime dependency of these countries on China.
 - Using Maritime Silk Road as pretext China has established inter-dependencies between itself and various South Asian states.
 - This includes Sri Lanka, which indebted by Chinese loans had to lease out its Hambantota port project to Chinese state control entities and Pakistan for whom China is developing Gwadar port.
 - Many of these countries have either already established an FTA with China or are already negotiating it (e.g. China signed FTA with Maldives in January 2018).
- India, the traditional south Asian naval power, has failed to match China's strategic and economic support to countries in the region.
- Economic and Strategic Relationships of Selected Littoral South Asian Countries with China

Country	Active Naval Vessels Manufactured/Co-Developed by China*	Big-Ticket Maritime Infrastructure under development by China	Chinese Investment Spending 2005 – 2017 (in \$ bn)+	Status of Free Trade Agreement with China
Bangladesh	46	Chittagong Port	24.1	Bigest Trading Partner, Feasibility Study Started in 2016
Maldives	0	Ihavandhippolhu Integrated Development (iHavan) Project	NA	Signed (2017)
Myanmar	17	Kyaikpyu Deep Water Port	7.4	ASEAN-China Free Trade Area (2010)
Pakistan	15	Gwadar Deep Water Port	50.6	Signed (2007)
Sri Lanka	17	Hambantota Port	14.7	Bigest Trading Partner, Negotiations Started in 2014



	Chinese offshore naval bases and maritime development projects (L to R): Djibouti; Gwadar, Pakistan; Ihavandhippolhu Atoll, Maldives; Hambantota, Sri Lanka; Chittagong, Bangladesh; Kyaukpyu, Myanmar; Kra Isthmus, Thailand.
	Indian naval bases and maritime operations (L to R, counter clockwise): Western Naval Command, Mumbai; Forward Operating Base, Lakshadweep; Southern Naval Command, Kochi; Tri-services Command, Andaman & Nicobar Islands; Eastern Naval Command, Vishakhapatnam.
	Indian berthing rights in Maputo, Mozambique
	Indian access to French naval bases in Indian Ocean under Logistics Agreement with France: Mayotte Island and La Réunion
	India planning to develop military base in Assumption, Seychelles
	Indian Navy offshore listening post in Northern Madagascar
	Indian development of dual-use logistics facilities in Agalega, Mauritius ongoing
	Indian access to port of Duqm in Oman for military use and logistical support
	Indian access to United States naval base in Diego Garcia under LEMOA
	Australian naval base in Cocos Island

3. Why is China expanding its foothold in South Asia?

- a. Securing its Sea Lines of Communication (SLOC) in the Indian Ocean Region (IOR).
 - The Indian Ocean and its surrounding waters are home to China's principle shipping lanes, and there is a need to guard its **economic and energy security** against an adversarial power seeking to infringe on Chinese access to these waters.
 - Therefore, China has embarked on an agenda to actualize a commercial support base in the IOR, which could later be leveraged militarily.
- b. Deter America from blocking Strait of Malacca
- c. Expanded foothold is also good for China's access to developing market and investment opportunities.
- d. Pressurizing India

4. Options available with India

- To address China's string of pearls strategy, bold policy decisions are required from India.
 - **India must recognize the benefits of partnering with non-residential maritime powers** in the Indian ocean.
 - A strategically isolated India will not be able to meet the military and economic might of China.
 - India needs to shed its traditional strategic reticence and ensure the safety of its own SLOCs.
 - **India should operationalize logistical agreements with France and USA**, in order to upgrade naval relations to gain berthing rights in Diego Garcia, Mayotte Island and La Reunion, and allows its own bases to be used by USA and France. India can also through reciprocal privileges gain birthing right at Australia's Cocos Island naval base.
 - New Delhi should also **step up the use of berthing rights** with Duqm port in Oman and Maputo in Mozambique.
 - These moves should be accompanied by counter theatre presence in the western pacific and diplomatic outreach in South Asian nations that are being courted by China.

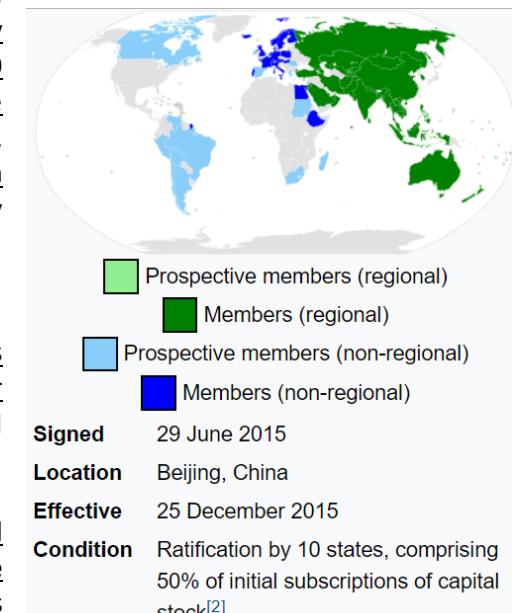
- A combination of above strategies might not guarantee against Chinese influence in littoral South Asian nations, but will atleast ensure that India is not tied down by Chinese client states in its own sphere of influence.
- In long run, we have to strengthen India both economically and militarily.

5. Conclusion

- India can't allow China to make more inroads in its traditional area of influence. The option for India is simple - take a stand to preserve its strategic space and counters China's containment strategy by expanding its nautical reach.

8) IR: ASIAN INFRASTRUCTURE AND INVESTMENT BANK

- Why in news recently?
 - Third Annual AIIB meet held in Mumbai (June 2018).
 - India has emerged as the biggest beneficiary of the Chinese led AIIB. India has got a quarter of AIIB's investment commitment till date. In the first two years of its existence AIIB has approved loans worth \$4.3 billion for infra projects around Asia, over \$1 billion of it is due to go to schemes in India. Out of the total 24 projects assisted by the AIIB till now, India tops the list with five, followed by Bangladesh, Indonesia and Oman.
- Example Questions
 - Why is it that India continues to oppose Belt and Road Initiative of China but is still comfortable in being the biggest beneficiary of the AIIB led by China? [10 marks, 150 words]
- Introduction
 - The Asian Infrastructure Investment Bank (AIIB) is an international financial institution that aims to support the building of financial infrastructure in the Asia Pacific Region.
 - On **29th June 2015** countries from five continents formally signed in Beijing the Articles of Association (also called 60 article agreement), the legal framework that begun the existence of the Bank. Australia was first to sign the document.
 - It is regarded by some as rival to IMF, World Bank and the Asian Development Bank, which are regarded as dominated by developed countries like the USA, EU and Japan.
 - Beginning
 - The bank started operation after the agreement entered into force on 25th Dec 2015, after ratification was received from 10-member states holding a total member of 50% of initial subscription of the authorized capital stock.
- Members and Founding Members
 - The initiative gained support from 37 member states ("all founding members") and 20 non-regional Prospective Founding members (PFM), all of which have signed the Articles of Agreement that form the legal basis for the bank.
 - The institution currently has **64-member states** and another **20 prospective members** making it an **84-member body**.
 - **Major economies that are not members** of AIIB are **USA, Japan, Mexico and Nigeria** (Nigeria has plans to join AIIB).



- **Objectives**
 - To provide finance to infrastructure projects in Asia region.
 - Fostering Long Term Economic Development
 - Infrastructure as regional integration and foreign policy tool.
- **Reasons for Formation**
 - Frustration of China and other Asian countries over the slow pace of reforms and governance, and wants greater input in global established institutions like the IMF, World Bank and ADB which it claims are dominated by American, European and Japanese interests.
- **Capital**
 - The bank has a authorized capital of \$100 billion (around 2/3rd the capital of ADB, and half that of World Bank)
- **Regional Character of the Bank**
 - The bank's regional members will be holding around 75% shares i.e. they will be majority shareholders.
- **Shareholding structure and Voting Right**
 - **Voting share:** It is based on the size of the economy and not on authorized capital share of the Bank.
 -

Country	Share	Voting Rights
China	30.34	26.06
India	8.52	7.50
Russia	6.66	5.93
Germany	4.57	4.15
- **China also holds veto power** for certain key decisions.
- **India and AIIB**
 - India has been the biggest beneficiary of AIIB so far (almost getting 25% of the total investments by AIIB). AIIB has so far invested in five Indian Projects including Bangalore metro rail, Tamil Nadu Transmission Systems strengthening, Gujarat Rural Road Projects, India Infrastructure Fund and Andhra Pradesh 24X7 power for all.
 - Willingness of AIIB to lend to India and willingness of India to get loans from AIIB is proof that India is not a puppet of the Beijing as some have warned it might become.
 - Further, India's increasing participation shows that India is willing to overlook China's de facto veto on certain AIIB decisions for its infrastructure needs.
 - Another significant point to note is that in all the five projects where AIIB has invested, it is a part of a group of Financiers (i.e. these projects are also being financed by other financial institutions like WB, the ADB, European Investment Bank etc). Infact, AIIB is not the lead financier in any of the projects that it has funded in India till now.
 - AIIB loans are significant not only because of India's infrastructure needs, but also because AIIB charges about 1-1.15 percent interest, with long term repayment and five-year grace period. Further the bank provides lending on liberal terms allowing the government to decide on how to use the money.
- **India can finance infrastructure projects through the AIIB and still remain critical of the China's BRI because:**
 - China approached New Delhi in a consultative process over AIIB which wasn't the case with BRI (where India was not consulted at all).

- Former Foreign Secretary S. Jaishankar said that the key issue is whether we will build our connectivity through consultative process or more unilateral decisions. He further added that whenever consultative option is on table, as was the case in AIIB, India has responded positively.
 - India was asked to participate in the AIIB's institutionalization process from the get-go and thus we looked at the project constructively.
 - Though AIIB continues to be dominated by China which continues to have effective veto over which projects are financed, there is scant evidence yet that the AIIB has been coopted into the BRI's more geopolitically fraught initiatives, like CPEC, Hambantota port project etc.
 - In the meantime, India has real infrastructural financing needs and AIIB is as good a source as any to fill those needs.
 - Therefore, we are interested in big infra-partnerships with AIIB in sectors such as metro rails, high speed railways, roads, power and other connectivity projects.
 - Therefore, India's availing of AIIB's financing is far from a hypocritical divergence from its broader criticisms of the BRI. For India, problem isn't diversion of China's excess capacity towards fostering infrastructure development around Asia; rather, it's the projects that attempt to do so with ulterior motives.
- Other Recent Developments
- Third Annual Meet of Board of Governors of AIIB (June, 2018)
 - Held in Mumbai, 25th-26th June
 - It brought together leaders from all types of organizations and levels of government to share ideas and experience for creating a sustainable future through sound infrastructure investment.
 - Ministers from AIIB members, participants from partner institutions, private sector, civil society organizations and leading experts from a range of fields also joined to discuss and share recommendations.
 - This year's theme is "Mobilizing Finance for Infrastructure: Innovation and Collaboration" in recognition of the private sector's vital role in bridging the infrastructure gap.
 - The meet also saw the launch of the inaugural Asian Infrastructure Forum, which will gather infrastructure practitioners in a practical and project-driven discussion, focus on matching innovative finance to critical infra needs.

9) SHANGRILA SUMMIT

- Why in news?
 - The 17th summit of Shangri-La Dialogue was held from 1-3 June 2018.
- Example Question
 - PM Modi's Speech at 17th Shangri-La summit displayed deep continuities in India's foreign policy. Elaborate [10 marks, 150 words]
- Introduction
 - The IISS Asia Security Summit is a "track one" inter-governmental security forum held annually by an independent think tank, the International Institute of Strategic Studies (IISS) which is attended by top officials (defence ministers, head of governments, military chiefs etc) of 28 Asia-Pacific countries.
 - Though, primarily an intergovernmental meeting, the summit is also attended by academic experts, distinguished journalists and business delegates.
 - The meeting was first held in 2002 in Shangri-La Hotel in Singapore (thus the naming).
- Purpose
 - Cultivate a sense of community among the most important policy makers in the defence and security community in the region.
 - Government delegations also hold bilateral meetings at the summit.

- Key Highlights of PM Modi's Speech in 2018

- The speech was replete with classic Indian themes: An old civilization discovering the power of rising East, amid profound political and economic shifts.
- Mr Modi advocated free sea and air lanes, connectivity and upholding international rules and norms.
- He also expressed India's eagerness to make 'Indo-Pacific' as the defining factor for new security architecture in Asia, while describing the new geography of Indo-Pacific as a "natural region" ranging "from the shores of Africa to that of the Americas".
- The speech also acknowledged the complexity of our China Policy.
 - It underlines many layer of our relationship with China and that relationship has to be artfully negotiated. It can't be confrontational and has to be approached prudently.
- The importance of our relations with ASEAN and AFRICA was a key theme.
- According to **Pratap Bhanu Mehta**, PM Modi's speech was remarkable for two reasons:
 - It underlines the **deep continuities of India's Foreign Policy**.
 - The central ideas of PM's speech is similar to former PM Manmohan Singh's early speeches in 2004 and 2005. The speech in fact shows continuities of Nehruvian foreign policy:
 - a. A wariness that neither of the big powers will wholly serve India's interests.
 - b. The great power rivalry will hold the world back
 - c. An investment in avoiding polarizing confrontation
 - d. A guarded acknowledgement and deference to the reality of Chinese power
 - e. The re-discovered importance of Russia
 - f. Vigorous pursuit of coalitions of middle and small countries as stabilizers in a global order.
 - The speech pushed India closer to an intelligent non-alignment and cautious prudence.
 - The sharp contrast between the assets India would like to project abroad, its exemplarity as an open, robust, inclusive and deeply institutionalized democracy, and the increasing tenuousness of these ideas.
- **Important Quote**
 - "*When nations stand on the side of principles, not behind one power or the other, they earn the respect of the world and a voice in the international affairs. And when the embrace diversity at home, they seek an inclusive world outside*" PM Modi.
- Prime Minister Modi in his address at the Shangri-La Dialogue referred to **India's relations with China as 'multi-layered'**. What does that mean?
 - According to Rup Narayan Das, an expert on India China relations and a fellow at IDSA, it may have **two broad connotations**
 - **At the bilateral level**, the edifice of complex India-China relations is built around political convergence. Needless to mention that now the relationship between the two countries has been elevated to a 'strategic level'. The leadership of the two countries at the highest political level are meeting both at bilateral and multilateral level. There is a strong economic dimension to the bilateral relations. There are opportunities and challenges as well. Meanwhile, people-to-people contact and contacts at the think tank and academic level is increasingly gaining salience in the bilateral relationship. Tourist traffic between the two countries is growing and Indian films are increasingly gaining popularity in China. Buddhism continues to be the bedrock of civilizational linkage between the two countries
 - **In the external dimension**, the two countries are working together in multilateral fora such as the United Nations (UN) particularly on climate change, the Doha Round of trade talks, the Association of Southeast

Asian Nations or ASEAN summit meetings, East Asia Summit (EAS), BRICS (Brazil, Russia, India, China and South Africa), and now the Shanghai Cooperation Organisation (SCO).

10)IR: SCO SUMMIT

- **Why in news?**
 - SCO Summit was held in June 2018 which was attended by Prime Minister Narendra Modi.
- **Example Questions**
 - 'With time, the role of SCO has diversified'. Comment critically [10 marks, 150 words]
 - India's full membership of SCO can play an important role in promoting India's national security, energy security and economy. Analyze. [12.5 marks 200 words]
 - Fighting terrorism has become a key goal of Shanghai Corporation Organization. Critically analyze [10 marks, 150 words]
- **Introduction**
 - The SCO Is an Eurasian political, economic and security organization which emerged from Sanghai Five (China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan) which was founded in 1996 after demarcation of China's border with four newly independent states that appeared after collapse of the Soviet Union in 1991.
 - This was transformed into today's SCO with the induction of Uzbekistan as a new member at the Sanghai summit in 2001 and India & Pakistan in Astana summit in 2017.
- **Objectives**
 - SCO's objectives are centered around **security related concerns**, military cooperation, intelligence sharing, and counter-terrorism.
- **Activities**
 - **Cooperation on Security**
 - SCO is centered on its member nation's Central Asian Security related concerns. It focuses on the main threats such as terrorism, Separatism, and Extremism. At the recent summit in June 2018, there were documents signed on joint prevention of radicalization of youth, the program for combating terrorism, separatism and extremism 2019 to 2021.
 - **Military Activities**
 - There have been a number of SCO Joint military exercise such as Peace Mission 2014 in China
 - It has also served as platform for larger military announcements for member countries.
 - It is sometimes seen as Chinese counterpart to NATO.
 - **Economic Cooperation**
 - One of the long term objectives of SCO is to establish free trade area in SCO.
 - In the latest summit in June 2018, Chinese President warned that unilateralism, trade protectionism and a backlash against globalization are taking new forms.
 - The members also cooperate in the field of energy - oil and gas sector, exploration of new Hydrocarbon reserves and joint use of water resources.
 - **Connectivity**
 - Connectivity is another key area which is being focused upon in the recent past. China's OROB initiative has become one of the major
 - **Cultural Cooperation**
 - Cultural cooperation is another key aspect of the SCO framework.
 - Meeting of cultural ministers, SCO Arts Festivals and exhibitions etc are some of the ways that are used to promote cultural cooperation.

- Changing role of SCO: A comment

- SCO was formed initially to handle security issues, but with the growing power and enlargement of organization, its scope of unity and cooperation has expanded to many other areas, including education, science, technology, healthcare, environmental protection, tourism, media, sports, and culture.
- **But**, the diversification of activities has still not led to anything tangible. This is because:
 - i. **The SCO lacks a specific function**
 - SCO is changing quantitatively but not qualitatively. Its population, territory and share in global GDP is increasing, but the main problem is that the regional organization lacks a specific function to deliver something tangible.
 - SCO continues its search for a mission.
- **Although, countries still want to become members of SCO**
 - Not because of the great prospects, but for the fear of falling behind the powers of Continental Eurasia already inside. This is the main motivation for India and Pakistan to join SCO.
- **Conclusion**
 - While the security and economic cooperation by SCO has remained very limited so far and the platform has remained more symbolic so far, its importance has increased at a time when the west remains divided and the US under Donald Trump are charting a unilateral course.

- 18th SCO Summit, June 2018

- Held in Qingdao, China (Chinese President chaired the summit)
- This was the first SCO summit after India (and Pakistan) became a full-time member in June 2017 and in this sense, was historic for India.
- **Key Highlights**
 - The Joint declaration (**Qingdao Declaration**) was adopted by the head of states.
 - It condemned all forms of **terrorism**. It also said that interference in domestic affairs of other states on the pretense of fighting terrorism and extremism was unacceptable.
 - This seems to be addressing both India and Pakistan's concern
 - It called for creation of a unified global counter-terrorism front with the central coordinating role of the UN on the basis of international law, without politicization and double standards.
 - The declaration also acknowledged the growing threats from foreign terrorists who return from West Asia to their countries and find shelter in third countries to continue their terrorist and extremist activity within the bloc.
 - There was support for Iran Nuclear Deal in the joint declaration.
 - **India refused to endorse BRI**. We were the only dissenting voice against the project in the Qingdao Joint Declaration. It was a reiteration of India's stated position of not accepting any project which didn't respect the sovereignty and territorial integrity of nations. PM Modi said that connectivity in SCO region was priority for India but we welcome such new connectivity projects that are inclusive sustainable and transparent and which respect the sovereignty and territorial integrity of the nations.
 - **Other Joint documents** that were adopted by all the member countries
 - Joint prevention of radicalization of youth, the program for combating terrorism, separatism and extremism 2019 to 2021.
 - MoUs with SCO for MSMEs, Trade Facilitation, Tourism, Environment protection, prevention of abuse of narcotic and psychotropic drugs and an anti-drug strategy.
 - **India took forward the Wuhan spirit** and signed two agreements with China.
 - Pact to share hydrological data on Brahmaputra in 2018

- New Delhi also agreed to Opening of a Bank of China branch in Mumbai and China agreed to allow India to export non-Basmati Rice to China.
- **Key highlights of PM Modi's Speech**
 - SCO should explore ways to stabilize the energy market for mutual benefits.
 - Development strategy of SCO until 2025 provides a good roadmap for cooperation.
 - 'SECURE' would facilitate comprehensive security in the SCO region. Secure covers 6 important dimensions.
 - S -> Security of citizens
 - E -> Economic Development
 - C -> Connecting the region
 - U -> Uniting our people
 - R -> Respecting sovereignty and territorial integrity
 - E -> Environmental Protection
 - **Importance of tourism**
 - PM Modi highlighted the importance of tourism in promoting people to people contact and specially raised a concern that of the total foreign tourists coming to India only 6% are coming from SCO countries. This can be easily increased to perhaps double the number.
 - He also highlighted the importance of skill development, capacity building, and human resource development and of cooperation in these areas.
 - **Afghanistan**
 - PM Modi highlighted how Afghanistan has been devastated by extremism and terrorism in our common region. He praised President Ghani's bold efforts to restore peace and said that we all have responsibility to ensure that the reasons which destroyed peace in Afghanistan should not be repeated.
- **Other significant aspects about the summit**
 - In a significant gesture, PM Modi and Pakistani President Mamoon Hussain shook hands and exchanged pleasantries after a press conference by the leaders of the SCO (SCO). This can be seen as India rebalancing its ties with Pakistan in order to build bridges with Eurasia.
 - Despite disagreements between member countries, the apparent harmony in which the summit took place stood in contrast with the G-7 meeting in Canada.
 - The summit marks the culmination of China's yearlong chairmanship of SCO and of passing on the baton to Kyrgyzstan for the next year.
 - **Analysis from India's Perspective**
 - Focus on the fight against terrorism was a welcome development from India's perspective.
 - PM Modi's speech indicated India's wider outreach to Eurasia.
 - India managed to strike an independent voice when it refused to endorse BRI at the SCO.
 - **Conclusion**
 - "At a time when America is looking inwards and Europe is struggling to come to terms with multiple domestic crises, major powers are looking at multiple coalitions to manage an international order in a high degree of fluidity. New Delhi is no exception. India's substantive engagement with wider Central Asia will be key to its growing aspirations in a rapidly evolving Eurasian landscape". **Harsh V Pant**.
- **Significance of India's Full membership**

- Full membership will help India in strengthening its position in central Asia. It will also help India to proceed towards regional integration, promote connectivity and stability across the border. Some of the benefits are discussed in details below:
 - **Improved engagement with Central Asia**
 - SCO forum enables India to engage with countries of Central Asia and enhance India's profile in the region.
 - **Security**
 - Membership would provide Indian an opportunity to have extended cooperation with the member countries in areas of **defence, security, and counter terrorism**.
 - **Afghanistan:** The Asian Eurasian block can play a key role in stabilizing Afghanistan post-2014.
 - Can form a joint platform against terrorism.
 - Reducing and minimizing the menace of drug trafficking.
 - **India-Pakistan:** Though SCO charter disallows bilateral issues being taken up, security grouping provides for interaction platform for India and Pakistan.
 - **Energy Security**
 - India, which is one of the largest energy consuming countries in the world, is also likely to get greater access to major gas and oil exploration projects in central Asia after its membership of SCO.
 - Some member countries have huge resources of both hydrocarbon and Uranium.
 - Energy cooperation in the region, TAPI strategic link in its extended neighbourhood and South Asia will benefit India
 - **Economic Integration - trade transit routes**
 - Will help promote India's economic integration with central Asian republic, in line with India's connect Central Asia Policy.
 - India has long historical and cultural ties but, economic relations lacks substance.
 - Membership of SCO opens up trade, energy and transit routes between China and Russia through central Asia, that was hitherto close to India.
 - Iran's observer status will ensure the SCO serves as a platform for India to discuss trade through the Iranian ports of Bandar Abbas and Chabahar, and link them to the Russian proposal for a North-South Transport Corridor.
- **Criticism for India's membership / Why India's membership of SCO might not be able to achieve much?**
- **Non-Compatibility of India and China's security interest** will make security cooperation difficult in the grouping.
 - **Anti-Pak resolution will be blocked by China:** China doesn't look down upon Pakistan sponsored anti India activities by ISI and other terrorist organizations. So, if India tries to move a resolution/blockade against them, the motion will not garner support from China and its other supporters in SCO.
 - **Difference in Internal Security Principle of SCO nations and India**
 - India believes that police should be the first weapon against internal security problems - like Naxal and Secessionists.
 - SCO nations use army as first weapon to handle internal security problems.
 - **China itself a cyber-bully**
 - Terrorists are now using cyber space to recruit new people, hack websites and even plan financial terrorisms. SCO can help fight against them, but one of our main cyber security threats are the Chinese hackers. So, it will be futile exercise to cooperate with China dominated SCO.
 - **No new responsibility**
 - Membership doesn't delegate any new responsibility to Indian or Pak neither does it imparts new functionality to SCO.

India - Latin America relations



At the political level, there are no issues or problems. Both India and Latin America have been strengthening mutual relations through exchanges of high level visits and cooperation agreements. PM Modi will be in Buenos Aires in November 2018 for the G-20 summit.

India and Latin American countries work together on many common issues in the UN, WTO and other multilateral fora. India has had dialogues at the regional and subregional level with CELAC, MERCOSUR, Pacific Alliance and SICA.

Latin America is one of the regions of the world where India is perceived to be less engaged due to the distant geography. Amb. R Visvanathan makes the case that "**Latin America is closer to India than you think**".

- India's trade with the distant Brazil is more than the trade with Bangladesh, Sri Lanka, Russia, Canada or Spain.
- India's exports to Mexico is more than the exports to Thailand, Iran, Russia, Canada or Egypt.
- India's exports to the remote Guatemala is more than the exports to the neighboring Cambodia.

- India was the third largest destination for Latin America's exports in 2014.

Economic diplomacy has become the most important part in India-Latin America relations. Trade has grown over 30% annually between 2000 and 2014. Latin American resources are an ideal fit for Indian technology, industrial capacity and markets. India's exports of 12 billion dollars in 2017-18 has the potential to double in the next five years.

The Complementary nature of economies of India and Latin America

Latin America has surplus of what India needs. On the other hand, Latin Americans look at India as a large and growing new market for their exports.

India's imports:

- **Food Security:** Latin America could become a large and regular supplier of oilseeds and pulses in the long term contributing to India's food security.
 - Vegetable oil - India imports soya oil worth over USD 2 billion from Argentina. Brazil, Argentina, Paraguay and Uruguay have become the largest soya producer in the world. Thus Latin America could help India to lessen the excessive dependence on Malaysia and Indonesia who have been dictating prices.
 - Fruits and Vegetables - Chile, Peru and Argentina. These are not considered as competition to domestic production but seen as complementary since they come during India's off-season from South America which is in the southern hemisphere.
 - Agriculture - South America has vast tracts of fertile land, abundant water, advanced technologies and best practices. The region has the potential to bring in another 40 million hectares of land into agriculture and feed an extra 500 million people.
- **Strategic Energy Security:** India imports around 15% of crude oil from Latin America as part of its strategic energy security policy to reduce over dependence on Middle East.
 - Latin America is blessed with huge reserves (20% of global reserves), large production capacity and surplus for exports.
 - **Venezuela** has more oil reserves (292 billion barrels) than Saudi Arabia which has 266 billion barrels. **Argentina** has the world's second largest reserves of shale gas and the fourth largest shale oil and production from these have just started. **Brazil** has started commercial production of its new found pre-salt reserves. **Mexico** is discovering new reserves after the historic opening of the energy sector to private and foreign investment in the last two years.
 - With all these, Latin America has the capacity to double its crude exports from the current export of about four million barrels per day.
 - Latin America's principal market for oil is USA. But US has drastically reduced crude imports after the shale revolution. Latin America is, therefore, more keen on the large market of India, which has emerged as the second largest importer of crude from the region.
- **Minerals:**
 - Copper and precious metals from Chile and Peru; wood from Ecuador, etc.
 - Raw Gold imports in 2017-18 were 2 billion dollars.
 - Lithium for electric cars to be built in the future - Argentina, Bolivia and Chile together have the most deposits of Lithium in the world.

India's exports:

- India is the third largest supplier of textiles and the fourth largest supplier of ready-made garments to Latin America.
- Important market for automobiles, chemicals, pharmaceuticals and engineering goods.

- Latin America is the largest destination of India's vehicle exports. Mexico is the largest importer of Indian cars (worth 2 billion dollars last year) while Colombia for Indian motorcycle exports.
- Service sector: About 30 Indian IT companies have service and development centres there.

Investment and joint ventures

- Indian companies have invested about 12 bn dollars in Latin America in sectors such as agrochemicals, pharmaceuticals and auto parts.
- The Latin American companies have invested over a billion dollars in India in areas such as food processing, steel, auto parts and multiplexes.

India can learn from Latin American success stories such as:

- Brazilian fuel ethanol programme,
- Argentine agricultural innovations and best practices,
- Costa Rica's ecotourism and
- Conditional cash transfer programmes of Brazil.

The main drivers of the relationship have been **official patronage** and **private enterprise**.

- Official patronage has promoted a strategic partnership with Brazil; a privileged partnership with Mexico; trade negotiations with MERCOSUR, Chile, Peru; observer status in the Pacific Alliance; investments in energy, mainly hydrocarbons; and a variety of agreements for collaboration in agriculture, science and technology, commerce, etc.
- Private companies have exploited the economic complementarity to invest and trade in energy, commodities, manufactures and technology to mutual benefit in most cases.

MERCOSUR: a sub-regional bloc. Its **full members** are **Argentina, Brazil, Paraguay, and Uruguay.**

Venezuela suspended in December 2016.

- Its purpose is to promote free trade and the fluid movement of goods, people, and currency. It is now a full customs union and a trading bloc.
- MERCOSUR and the **Andean Community of Nations** are customs unions that are components of a continuing process of South American integration connected to the Union of South American Nations.
- India at present has over 450 tariff lines with MERCOSUR.

While India was struggling with SAARC and SAFTA, and NAFTA was being called into question by the Trump administration in the US, regional integration efforts were thriving in Latin America. The Organisation of American States (OAS), Mercosur & Caricom were all functioning extremely well.

India-Brazil relations

- International fora: **G-20, G-4, WTO, BRICS, IBSA, BASIC**
 - **BASIC:** a bloc of four large newly industrialized countries – Brazil, South Africa, India and China – formed by an agreement in November 2009. The four committed to act jointly at the Copenhagen climate summit, including a possible united walk-out if their common minimum position was not met by the developed nations.
- Common values of democracy (**IBSA groupings - Democratic countries**)
- Most important economic partners in Latin America.
- Finalized the text of a **bilateral investment agreement**.

- Opening new areas of cooperation in drug regulation, **agricultural research (Sugarcane, Ethanol as a fuel specially)** and on cyber security issues
- Brazil's support for India's actions in combating terrorism, Brazil, a partner in CCIT convention
- NSG support

IBSA and BRICS

While many claimed IBSA (India, Brazil, South Africa alliance) had proved to be a futile grouping, and that it was now dead and entirely replaced by BRICS, Prof. V Shivkumar argued this notion was incorrect. Instead, he said, BRICS was built on the foundations of IBSA and carried its spirit. "Without IBSA there would be no BRICS. It paved the way for BRICS," he said.

BRICS was a necessary replacement to the West-led, West-dominated organisations like the IMF, and the World Bank. BRICS was more consultative and also democratic with the 'one country, one vote' principle. Cooperation was on a more practical basis as evidenced by the existing working groups on agribusiness, skills development and Infrastructure, among areas.

Way Forward for India-Latin America relations

Prof. V. Shivkumar argues to Look beyond Brazil in Latin America.

Several misconceptions still existed in India about Latin America and the Caribbean Islands.

- India's knowledge of these countries was very superficial, restricted to news coverage about the odd volcanic eruption in Mexico or the Rio de Janeiro carnival held every year before Lent.
- Other misconceptions about this region included that it was 'too far to travel to', 'too expensive to go there', 'ruled by dictators' and 'rife with corruption'.

India's academics, as a first step, but eventually its business community, bureaucrats, and its politicians, all needed to make a bigger effort to understand this region as the prospects for improving relations with India were tremendous.

Amb. Deepak Bhojwani - India and Latin America: The Way Forward (April 2018)

Latin America remains distant geographically and conceptually. Political relations are cordial but seldom ascend levels of strategic empathy.

Physical connectivity is one of the main obstacle identified, specifically the high cost of transport.

- Geographic distance is the supposed reason. This does not however deter China, whose trade with the region is six times that of India.
- India, unlike China, has no direct shipping services to this region.
- Direct air and shipping links are considered uneconomical. Unfortunately no institutional attempt has been made to ensure viability of direct shipping connections, or even warehousing facilities, by either side.

The **lack of any 'issues' with India paradoxically results in a corresponding lack of engagement!**

Shyam Saran on Latin America relations: If there is one region of the world where the previous government was perceived to be more engaged it is Latin America.

- The critical support of Brazil, Mexico and Argentina, which enabled India to obtain the NSG waiver in 2008.
- As middle powers these countries will be significant partners in any middle power coalition India would want to construct to press its preference for a multipolar order.
- Brazil is a particularly important country for India and there is every reason to reinvigorate this relationship.

In the future India, will need a Latin America strategy on the lines of its current focus on Africa. **An India-Latin America summit should remain on our diplomatic horizon.**

World Trade Organisation (WTO)

Q.) India's WTO food security stand is not only in favour of India but in favour of the developing countries as a whole. Discuss.

Answer:

India's Stand on **Public stockholding of food produces for PDS** (India obtained the **peace clause** earlier in this matter):

- Govt. obtains a very small portion of the large produce in the country and **does it strictly for the PDS without releasing it in the market**, hence doesn't distort trade.
 - It is the responsibility of the govt. to hold and distribute the stock to the people who deserve it through **PDS, a duty of the government** and cannot be questioned as trade distorting.
- We need to **revise the subsidies for the amber box as it is currently based on 1986-88 production level as base year**.
- US, EU highly subsidises farmers.

Nairobi Ministerial Declarations (2015)

Public Stockholding: Bali package (2013) continues - reaffirm the General Council Decision of 27 November 2014 (**peace clause given in perpetuity**)

- Members shall engage constructively to negotiate and make all concerted efforts to agree and adopt a permanent solution on the issue of public stockholding for food security purposes.

Logic of India's position and why it is justified.

- **Base price of 1986-88** - According to the WTO rule, public stockholdings must not exceed 10% of the value of food grains produced and calculated at the base price of 1986-88. You cannot calculate current food subsidy limits by 1986-88 prices. That beats all logic.
- **Livelihood issue** - For most of the developing countries including India, public stockholding for food security is a livelihood issue, a matter which should not be even debated at WTO.
- **Developed countries lose nothing** if they allow higher public stockholding by developing countries after putting in place a mechanism with reasonable limits to ensure developing countries do not dump their excess cereals at rock bottom prices in the international market.
- **"Development" agenda** - The focus of the ongoing Doha round of negotiations is supposed to be on "development". Developed countries can claim moral victory and fast-track the remaining issues of the Doha round once they oblige the food security demand of the developing countries.
- **UN's MDGs:** Food security is the foundation upon which the UN' MDGs to eradicate extreme poverty and hunger stand. Forcing developing countries and Least Developed Countries to agree to anything which may compromise their right to food security will not only compromise basic human dignity but also go against the UN declaration to which all countries are signatory.
- **Developed countries provide far more govt. support to farmers** than what developing countries can even afford to provide.
 - For example, while India provides about \$12 billion farm subsidy to its 500 million farmers, the US provides around \$120 billion to its 2 million farmers. The figures could be contested, but not the trends.
- India's **Targeted PDS system (TPDS)** - There is a serious move to make the subsidies more targeted through the use of technology as in the case of the **DBT programme**. To expect it to

happen at the pace developed countries wish means one does not understand the complexities of a country like India.

'Informal' WTO Ministerial Meeting in New Delhi (March 2018)

With reference to agriculture, issues related to reforms in domestic support, a permanent solution on public stockholding for food security purposes, cotton and an agriculture special safeguard mechanism were identified as areas of priority in some interventions. Further, the need to address historical asymmetries and imbalances in the Agreement on Agriculture was also highlighted.

- **Amb. Asoke Mukerji** (Former trade negotiator for India at WTO): Among the “institutional” issues that India has raised are attempts being made to “curtail the development dimension of trade and trade rules” in the WTO as part of the Doha Round. This would significantly impair the balance of rights and obligations that developing countries like India took on when signing the WTO Agreement at Marrakesh in 1994.

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Important official links - [Permanent Mission of India to WTO](#), [Centre for WTO Studies - Indian Institute of Foreign Trade \(IIFT\)](#)

What is Doha development agenda (DDA)?

WTO's Fourth Ministerial Conference took place in Doha, Qatar, in November 2001

Objectives: It sought to place developing countries' needs and interests at the heart of the Work Programme. To ensure that developing countries, and especially the **least-developed** among them, secure a share in the growth of world trade commensurate with the needs of their economic development.

- enhanced market access,
- balanced rules,
- well-targeted, sustainably financed technical assistance, and
- capacity-building programmes.

Subjects of the DDA

- **Agriculture:** More market access, eliminating export subsidies, reducing distorting domestic support, sorting out a range of developing country issues, and dealing with non-trade concerns such as food security and rural development.
- **Non-agricultural market access (NAMA):** To reduce or as appropriate eliminate tariffs as well as non-tariff barriers, in particular on products of export interest to developing countries.
- **Services:** To improve market access and to strengthen the rules. Each government has the right to decide which sectors it wants to open to foreign companies and to what extent, including any restrictions on foreign ownership.
- **Trade facilitation:** To ease customs procedures and to facilitate the movement, release and clearance of goods. It would cut bureaucracy and corruption in customs procedures and would speed up trade and make it cheaper.
- **Rules:** These cover anti-dumping, subsidies and countervailing measures, fisheries subsidies, and regional trade agreements.
- **Environmental goods:**
 - Freer trade in environmental goods. Products proposed include: wind turbines, carbon capture and storage technologies, **solar panels**.

- Improving collaboration with the secretariats of multilateral environmental agreements and establishing more coherence between trade and environmental rules
- **Geographical indications:** to “facilitate” the protection of wines and spirits in participating countries.
- **GI “extension”.** Extending the higher level of protection for geographical indications beyond wines and spirits
- **Dispute settlement:** To improve and clarify the Dispute Settlement Understanding, the WTO agreement dealing with legal disputes. These negotiations take place in special sessions of the Dispute Settlement Body (DSB). Exceptionally, they are not part of the “single undertaking” of the Doha Round.

Issues

- **Agriculture:** Particularly important for developing countries, because around 75% of the population in developing countries live in rural areas, and the vast majority are directly/indirectly dependent on agriculture for their livelihoods.
 - **Special Safeguard Mechanism (SSM)**
 - USA, Canada and other first world countries give 70-80% subsidies to their farmers on the cost of production. When such cheap agriculture commodities arrive in 3rd world, it ruin domestic farmers’ livelihood.
 - it's a measure designed to protect poor farmers by allowing countries to impose a special tariff on certain agricultural goods in the event of an import surge or price fall.
 - **Jayshree Sengupta:** Since 1994, the US and EU have been transferring nearly all their agricultural subsidies into the Green Box which according to the WTO’s Agreement on Agriculture are subsidies that are not price distorting. These Green Box subsidies make up 88 - 90% of EU’s and America’s total farm support and as a result, the total amount of subsidies US gives to its farmers is higher.
- **Access to patented medicines**
 - WTO Agreement on TRIPS (2003): The issue involves the balance of interests between the pharmaceutical companies in developed countries that held patents on medicines and the public health needs in developing countries.
 - Another issue concerns the Protection of traditional medicinal knowledge and practices.
 - Offered an interim waiver under the TRIPS Agreement allowing a member country to export pharmaceutical products made under compulsory licenses to least-developed and certain other members.
- **Special and differential (S&D) treatment:** S&D treatment for developing countries be reviewed with a view to strengthening them and making them more precise, effective and operational.
 - **India's stand:** S&D treatment will **not** be acceptable. We cannot be differentiated from other emerging economies, just because we are growing at 7+%. We are a developing country. We need **SSM**, just to use it as an instrument to make sure that any import surge doesn't hurt.
- **Implementation issues**
 - Developing countries claim that they have not realized certain benefits that they expected from the Round, such as increased access for their textiles and apparel in developed-country markets. They seek a clarification of language relating to their interests in existing agreements.
- **Dispute Settlement Body (DSB):** India is challenged not only by the lack of a sufficient pool of trade law experts to represent them effectively at the DSB but also by certain efforts to bring within the body's ambit non-trade issues such as labour and environment.

Nairobi Ministerial Declarations (2015)

- The developing country Members will have the right to have recourse to a **special safeguard mechanism (SSM)** given under Hong Kong ministerial declaration itself.
 - Flexibility to self-designate an appropriate number of tariff lines as Special Products guided by indicators based on the criteria of food security, livelihood security and rural development.
 - Right to have recourse to a SSM based on **import quantity** and **price triggers**, with precise arrangements to be further defined.
 - Special Products and the SSM shall be an integral part of the modalities and the outcome of negotiations in agriculture.
- **Export Subsidy**
 - Developing country Members shall **eliminate** their **export subsidy** entitlements **by the end of 2018**
 - Developing country Members shall continue to benefit from the provisions of Article 9.4 (different from those of developed countries) of the **Agreement on Agriculture** (AoA) until the end of **2023**, i.e. five years after the end-date for elimination of all forms of export subsidies.
 - LDCs and **net food-importing developing countries** shall continue to benefit from the provisions of the AoA until the end of 2030.
- **Public Stockholding:** Bali package continues - reaffirm the General Council Decision of 27 November 2014 (**peace clause given in perpetuity**).
 - Members shall engage constructively to negotiate and make all concerted efforts to agree and adopt a permanent solution on the issue of public stockholding for food security purposes.

Buenos Aires - Dec. 2017

Concerns on support for anti-globalisation, protectionism and bilateralism. **India, China** demanding that the final declaration of the WTO's highest decision-making body reaffirms commitment to multilateralism and rules-based trading system as well as negotiations with development agenda at the centre.

Developed nations' grievances at WTO

- USA, EU and Japan feel aggrieved by China's distortive trade policies such as- subsidies for state-owned enterprises, undervalued yuan, labour exploitation, stringent norms against foreign companies from entering domestic Chinese market, rampant piracy and counterfeiting of MNC products.
- While WTO's dispute settling mechanism allows aggrieved parties to file cases against member-states. But some of the cases and issues have remained unresolved for a long time, and their permanent resolution requires changes in the trade agreements.
- With this resentment, USA openly criticized WTO in the latest summit, saying "It is impossible to negotiate new rules while many of the current rules were not being followed (against China). WTO gives special and differential treatment to fast-growing and wealthy developing countries (like India and China). WTO is losing its focus and becoming too litigation-oriented."

How did the North Vs South debate get manifested?

- Developing Countries - Doha 'Development agenda'.

- Developed countries - '**21st century trade issues**' — such as **e-commerce, investment facilitation, matters relating to small firms and gender equality** — to be discussed for rule-making to enhance the relevance of the WTO.

India says it is important to first resolve outstanding issues such as the ones relating to food security and protection of poor farmers before taking up new topics.

Arvind Panagariya on "**21st Century Trade Issues**" / "**New Agenda**" and **Trade liberalisation**

- Investment facilitation and e-Commerce**
 - On investment, we are not anywhere close to agreeing to a uniform set of rules governing investment regime, we need to tread carefully.
 - On e-commerce, I feel we should study carefully what it is that we may want. It is an area of interest for us and in the near future, we should study what kind of negotiating agenda on it might suit us.
- We should generally think in terms of liberalisation on all fronts as long as it is in our national interest.
 - Often we think that import liberalisation hurts us because it leads to imports replacing domestic production. But this is a fallacy since it ignores exports. To pay for extra imports, we must simultaneously expand exports.
 - Part of the RBI's mandate is to ensure through exchange rate adjustment that our current account deficit is held low.
 - We must remember that our own past liberalisation has rewarded us handsomely with exports rising from just 7% of the GDP in 1990-91 to 24% in 2008-09.

Prof. Biswajit Dhar (March 2018)

The **utility of export subsidies to promote exports** has long been questioned. While the real impact of these subsidies has never been clearly measured, what has been quite evident is they have benefited the rent-seekers. There is, therefore, a strong case for the government to invest in trade-related infrastructure and trade facilitation measures, which can deliver tangible results on the export front.

Trade Facilitation Agreement (TFA)

India signed as the 75th country. Total 2/3rd members should sign for its implementation (Jordan, Chad and Kuwait are all poised to ratify, which would tip the agreement over the required mark of 110 WTO members to take effect in Feb 2017). **TFA entered into force in Feb 2017.**

Several trade-related issues such as transparency, predictability and efficiency at the ports, faster clearance procedures, and improved appeal rights for traders are to be addressed by countries. A WTO study indicated that when the TFA is fully implemented, trade costs for member countries will decrease by an average of 14.3%.

Setting up a **National Committee on Trade Facilitation (NCTF)** to coordinate and implement the WTO's TFA aimed at easing customs norms to expedite global trade flows.

- To **institutionalise co-ordination on trade facilitation** between the 35-plus central government departments, private players and state governments.
- TFA will help in the **world's best trade practices being shared among the WTO member countries** ratifying the pact.
- [National Action Plan on TFA:](#)
 - improvement in **ease of doing business** by reduction in cargo release time and cost,
 - move towards paperless regulatory environment,

- transparent and predictable legal regime, and
- improved investment climate through better infrastructure.

'Trade Facilitation in Services (TFS) Agreement'

- India formally submitted a **concept note** on a TFA in services with the WTO in October, 2016.
- What is TFS Agreement all about?
 - Aims to ease norms including those relating to movement of foreign skilled workers/professionals across borders for short-term work.
 - Ensuring portability of **social security contributions**,
 - making sure **fees** or charges for **immigration or visas** are reasonable, transparent, and non-restrictive (or impairing the supply of services) in nature.
 - It also aims to pave the way for a single window mechanism for **foreign investment approvals**.
 - The proposed TFS pact is also about 'facilitation' – that is making market access 'effective' and commercially meaningful and not about 'new' (or greater) market access.
- 'Legally vetted' pact on services tabled at WTO - The Hindu, 24/02/2017

Is WTO a friend or foe of India?

- There is a conviction that a fair, open, transparent and balanced trading regime is in the interest of developing countries as it constrains the economic power of big and powerful countries and ensures that they follow international rules on the subject. (Amb. Shyam Saran)
- India is largely seen as **leader of developing and under developed world**.
- At WTO, decisions are taken by consensus. So there is bleak possibility that anything severely unfavorable to India's interest can be unilaterally imposed.
- In absence of such a body we stand to lose a platform through which we can mobilize opinion of likeminded countries against selfish designs of west. WTO provides a forum for such developing countries to unite and pressurize developed countries to make trade sweeter for poor countries.
- Apart from this, Dispute Resolution Mechanism of WTO is efficient.

Why is India being seen as defensive or as 'obstructionist'?

Shyam Saran

- India is not really articulating its very justifiable positions persuasively in the public domain. There is no reason why India should not be seeking access for its services, or products in which it has competitive advantage. After all, the principle of International trade is to let countries work on the basis of their competitive advantages.
- Where do we have competitive advantages?
 - Services, Skilled people's movement, pharmaceuticals. These are precisely the areas where we face not so much tariff barriers as Non-tariff barriers.
- We must make our case known and argue accordingly. Number of countries use this perception of India as 'obstructionist' in order to put pressure on us. e.g. Climate change negotiations.

Arvind Panagariya - India is an obstructionist as it says "no" on most issues? Is it a fair description?

- If our rivals label us as obstructionist purely as a negotiating tactic, then we cannot be faulted and nothing need be done.
- But if this is because we are making unreasonable demands or making reasonable demands in a manner that appears unreasonable, it is in our interest to take corrective action.

WTO Cases of Complaints against India

- i. India — Certain Measures Relating to **Solar Cells and Solar Modules** (Complainant: **US**) - India lost the case, appellate body's ruling in Sept. 2016
- ii. India —Anti-Dumping Duties on **USB Flash Drives** from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Complainant: **Chinese Taipei**)
- iii. India —Measures Concerning the Importation of Certain **Agricultural Products** (Complainant: **US**)
- iv. India —Certain Taxes and Other Measures on **Imported Wines and Spirits** (Complainant: **European Communities**)

Cases of Complaints by India

- i. **US** — Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India (Complainant: India)
- ii. **US** - Washington's move to hike **visa fees for H-1B and L-1 categories** that are widely utilised by Indian information technology firms (Complainant: India)
- iii. **Turkey** —Safeguard measures on imports of **cotton yarn** (other than sewing thread)(Complainant: India)
- iv. **EU** and a Member State —Seizure of **Generic Drugs** in Transit (Complainant: India).
 - a. A WTO agreement allowing poor countries to import generic medicines came into force in January 2017, after the deal reached the required two-thirds support of members. The original 1995 WTO rules allowed governments to produce generic medicines for their domestic markets without the patent owners' consent. But that meant poorer countries without manufacturing capacity could not get those drugs. In 2003, WTO members agreed to give such countries a temporary waiver, which effectively became a permanent part of the WTO rules.
- v. **US:** Over the imposition of import duties on steel and aluminium (May 2018)

What is Indo – US WTO problem?

U.S. has severe disliking for India's position in at least two spheres – **Agriculture** and **Intellectual Property**.

Agriculture

- AoA of Uruguay round negotiations is heavily tilted in favor of developed world.
- For balancing this India as part of G-33 proposed amendment to AOA in 2008.
- Current quest of G-33, toward achieving permanent solution has been pushed further beyond after Buenos Aires summit (2017), which until then allows us perpetually to continue our PDS system at administered prices, without being dragged into WTO for violation of AoA.

Intellectual Property

- As part of Doha Development Agenda, developing countries managed to tweak 'Agreement on TRIPS' in favor of developing countries by allowing **compulsory licensing** in certain circumstances.
 - e.g. NATCO for '**nexavar**' drug produced originally by **German** firm **Bayer** AG.
- US Pharma industry has been apprehensive of frequent evocation of this principle in developing world.
- US not only want this concept to be done away with, it also wants a liberal IPR regime which allows evergreening of patents.
- Indian Patent Act allows protection of both product and process, but it allows patent only when there is enhanced efficacy of the substance. India due to its promising pharmaceutical industry

exploits these powers religiously. Since India's course is not violative of TRIPS, question of India being challenged in WTO doesn't arise.

Domestic Content Requirement in Solar Panel

- Recently, India lost this case to US in WTO's dispute resolution body.
- India has prescribed 'domestic content requirement' for procurement of Solar cells/panels for its target of installing 100 GW of solar power by 2022. Under this some (about 5%) procurement was reserved to be bought from Indian vendors, to promote indigenous industry. US alleged that this is against principles of Non Discrimination and National Treatment.
- India now has appealed against this decision and can get 2 year reprieve from rolling back of scheme.

Earlier this year, WTO had ruled against the Indian ban on import of poultry meat, eggs and live pigs from the US, stating that it was not consistent with international norms.

Visa problem

- Recently, U.S. has doubled the fees for certain categories of H1B and L1 visas (temporary work visas for skilled professionals).
- India is the largest user of H1B visas (67.4% of the total H1B visas issued in FY14 went to Indians) and is also among the largest users of L1 visas (Indians received 28.2% of the total L1 visas issued in FY14). India is likely to pursue bilateral discussions over the issue, but as last resort it may head to WTO if nothing comes out.
 - What is H-1B visa:** a non-immigrant visa that allows US companies to employ foreign workers in specialty occupations that require theoretical or technical expertise in specialized fields such as in architecture, engineering, mathematics, science, and medicine etc., for up to six years.
 - Why do H-1B visa woes continue?** The Hindu
- Shyam Saran:**
 - Since issuance of visas is considered to be **an immigration issue and not a trade issue**, one cannot take the suspension to the WTO dispute settlement mechanism. What we can do is to **highlight the fact that** this is a partnership in which both parties gain.
 - Indian IT services contribute to enhancing the global competitiveness of U.S. companies,
 - Indian IT companies are providing significant employment in their operations to U.S. citizens, and
 - U.S. tech companies in India are some of the most profitable in the world.
 - Furthermore, in negotiating with the U.S. on this issue, we should **leverage** the fact that India is a growing market for U.S. products and services, in particular for defence hardware and technology. There should be some element of trade-off.
 - Indian IT companies should also adapt to the changed situation by diversifying markets away from the heavy dependence on the U.S. There are expanding opportunities in other parts of the world and within India itself. Advances in digital technology should be used to offer services over cyberspace rather than personnel to clients abroad.
- H-1B visa extensions to continue: U.S.** (Jan. 2018)
- U.S. announces new H1-B visa approval policy** (Feb. 2018)
- A newly released World Bank report on global migration shows - In skilled migration worldwide, busiest route is India to US. Nearly 12 lakh skilled migrants from India to the US in 2010, compared to nearly 3 lakh from the Philippines to Canada. (July 2018)

Why India stayed out of Information Technology Agreement-II in Nairobi (2015)?

- 53 WTO members agreed to a 7-year time frame to scrap all tariffs on 201 IT products that account for an annual trade of \$1.3 trillion.
- Touted to drive down prices of items ranging from video cameras to semi-conductors.
- Deal would benefit only those countries (notably the US, China, Japan and Korea) that have a robust manufacturing base in these products, and not India. This Information Technology Agreement is being called **ITA-II**.
- Current dismal state of Indian electronic industry is often attributed to ITA of 1996. This compelled India to keep certain electronic items tariff free which gave us infamous 'inverted duty structure':
 - Finished goods are taxed at lower rates than raw materials or intermediate products.
 - Higher excise duty on domestic products than custom duty on imports.
- **By 2020 India might consume electronic items worth \$400 billion.**
 - Out of this it is likely to import at least goods worth \$300 billion under current situation.
 - 'Make in India' and 'Digital India' program suffers.

How India's stand differs when it comes to services?

India seeks more liberal commitments for cross-border supply of services, including the **movement of 'natural persons'** (human beings) to developed countries, or what is termed as **Mode 4** for the supply of services.

The barriers mentioned by India include:

- i. Subjective definitions of Mode 4 categories like managers, executives and specialists under the ICT category;
- ii. Non-portability of social security benefits under which contributions made by services providers for social security in the host country cannot be availed of back home when they return;
- iii. massive increase in visa fees for certain categories; and
- iv. Discriminatory salary thresholds.

Some key points:

- With respect to **Mode 2** (consumption of services abroad), India has an offensive interest.
- EU and the US is interested more in **Mode 3** of supply (establishment of a commercial presence in developing countries). Accordingly, requests for more liberal policies on FDI in sectors like insurance have been received.
- Mutual recognition of degrees, allowing portability of medical insurance, reducing barriers to movement of professionals, etc., are some of the areas of interest to India.
- India could also explore the possibility of finalizing mutual recognition agreements with the main importers of services, so that differences in national regulatory systems do not act as barriers to its exports.

Should India provide market access in Higher Education?

Western countries are pushing hard to get unrestricted access to Indian education sector under **GATS Mode 3 classification** which covers services provided by a foreign commercial establishment through physical presence in relevant country.

Pros:

- Need to create more and better quality educational institutions.
- Gross enrolment in higher education is just 12% while government aims to increase it to 30%.

- Over time due to **competition**, students will get better educational alternatives and at cheaper costs.
- For all this, it is imperative that more **investment** is attracted in the sector.

Cons:

- Will encourage **treatment of education as a tradeable commodity.**
- **May curb power of Indian government to provide subsidy and support to the sector.**
 - e.g. Extremely high education fees in developed countries.
- Likely to affect **reservation policy** of India.
- Foreign university might consume scarce educational human resource available in India, leaving less competitive domestic and public institution starved of good teachers.
- Would speed up process brain drain from India as foreign universities are likely to design courses under ambit of their parent institution.

Way forward:

- Government has to draw certain redlines while negotiating on the issues of
 - Support to public institutions,
 - Scholarship to weaker sections and
 - Reservation policy.

Conclusion

- Continue its effort to prevent issues of developmental importance to be sidelined.
 - India has already marked red line in sectors such as agriculture by making it clear than there is no scope of compromise on its positions.
- West have been backtracking on various commitments under Doha Development Round and desperately trying to bring in new issues including Singapore issues. These issues are prejudicial to interests of majority of countries and vast majority of population. Consequently, majority of countries stand with India after failure of every meet.
- India needs to upscale its diplomatic capability.
 - In Nairobi, developed countries spoke in unison, there was no such unity in developing countries. **Brazil**, a prominent member of WTO, has already **broken away from G-20/33 group** and has aligned itself close to position held by developed countries; **thanks to its globally competitive agricultural sector.**
 - India made a serious effort last year at **India- Africa summit** to arrive at common agenda for WTO and was **largely successful.**
- However, there needs to be larger combined effort in bringing on the common platform of developing nations in all continents. U.S. has been already doing it for several years and that's partly why it remains most assertive and subtle power in any negotiation.

India-Africa relations



India's engagement with Africa has its own unique script, based on what PM Modi has called, 'a strong emotional link' defined by our shared history of struggle against colonialism and our aspiration to bring prosperity to our people.

The imperatives that drive African-Indian engagement are based on our shared challenges, common interests, and perceptions of mutual benefit.

Former Vice President [Hamid Ansari](#) - Four Imperatives for Cooperation in India-Africa ties

i. Our shared history and cultural links.

- Our struggle for national liberation. It was on this continent that Mahatma Gandhi developed and first practised the concepts of non-violence and peaceful resistance that won India its freedom.

- Our present choices are informed by our shared experience of anti-colonial struggle against exploitation and racial discrimination.
 - India, despite the constraints of its growing economy, was a forerunner in **championing the interests of developing countries, including those from Africa**, through initiatives such as:
 - Bandung declaration of 1955,
 - Group of 77, and
 - Non-Aligned Movement.
 - People-to-People contact - A large number of people of Indian origin call Africa their home, a number of them being based in the Eastern and Southern parts of Africa.
- ii. Our **complementary strengths and capacities that make us natural economic and commercial partners**.
- India provides a long-term, stable and profitable market to the goods and services that Africa generates. For India, Africa has the potential to become a major contributor to our energy security and food security requirements. This is a 'win-win' situation.
 - India is an important source of investment for projects in Africa in sectors such as pharmaceuticals, IT and telecommunications, engineering, education, health and agriculture.
 - The quantum of Indian investments in Africa has increased in recent years and is presently estimated to be about \$ 35 billion, with a large part of it concentrated in Southern and Eastern Africa.
 - In order to address the trade imbalance and diversify the trade basket, India has already offered duty-free access to Indian markets, with very few exceptions, for all the LDCs of Africa.
- iii. Our **common approach in meeting development challenges towards building a sustainable future for our people**.
- The African leadership is aware of India's domestic experience and success in developing a vibrant manufacturing and services sector, while encouraging inclusiveness at societal level.
 - While each country has its own unique development story, the answer to many issues confronting us in health and well-being, food security and nutrition, energy, climate change, water and sanitation lie perhaps in the mirror image that India and Africa present in terms of demography, disease burden and resource constraints; and how we have met these challenges through innovative solutions.
 - Our partnership model is premised on **human resource development and institution building** in partner countries. This in turn, **creates skills and capacities** in Africa.
 - Our concessional Lines of Credit are tailored to the requirements and capacities of our partners in Africa, to ensure that they do **not** become another channel leading them into a **debt trap**.
 - GoI has announced concessional credit of over \$ 10 billion, over a period of next five years, in addition to the ongoing credit lines.
- iv. Our cooperation comes from a **shared perspective on addressing peace and security related issues and a convergence of views on matters global**.
- Combating terrorism and piracy to coordinating our positions in global forums over issues such as UN reforms, WTO and Climate Change.
 - The reform of political, security and economic institutions of global governance, including a meaningful expansion of the UNSC.

- **Ambassador M. Ganapathi:** The Ezulwini Consensus, agreed by the African Union calls for a more representative and democratic UNSC, in which Africa is represented with **at least two permanent seats** (including veto power).

India Africa Forum Summit

India's commitment to developing a strong partnership with Africa is reflected in our recent initiatives, particularly under the rubric of the India Africa Forum Summit, whose **third edition** was held **in New Delhi in 2015** with participation from **54 African countries**.

- The Forum provided an opportunity for the African leaders to explore what India offered to them. The outcome document of the summit – “[Delhi Declaration](#)” and “[Framework for Strategic Partnership](#)”- reflected the common positions of India and Africa on a wide array of political and economic issues as well as an articulation of our joint commitment to deepening our mutual cooperation.
- The meeting provided a new direction to Africa- India relations based on equality, mutual respect and shared gains in addition to identifying broad areas of cooperation in political, economic and social development.
- Cabinet approves [Opening of 18 new Indian Missions in Africa to implement commitments of India-Africa Forum Summit \(IAFS-III\)](#)

India's Africa experts have been disappointed with the decision to put off the next summit with Africa to 2020 instead of 2018 as was expected.

Africa's 'Agenda 2063'

[Amb. Rajiv Bhatia](#) (Jan. 2017): India's Africa policy is broadly in line with **Agenda 2063**, promoted by the **African Union**. However, **some recalibration** may be **needed because** issues such as **UN reform, counterterrorism, climate change and International Solar Alliance** will inevitably take longer to show results. Meanwhile, India must concentrate on actions that strengthen its economic cooperation with select African countries.

Amb. HHS Vihwanathan - Africa's 'Agenda 2063': A document of hope (April 2018)

Even after the decolonisation of Africa, the continent was unable to formulate, let alone implement its own agenda because of its deep political and economic vulnerabilities. This situation has changed in the last two decades. Today, Africa is witnessing political and economic resurgence. Its leaders realise that the time has come for African development to be owned and driven by the African people themselves.

There is a new enthusiasm for the very idea of 'Pan-Africanism', and Agenda 2063 is a document that expresses this spirit. The African Union (AU) adopted the agenda in 2015 with the aim of having a roadmap for a strong, peaceful, integrated and prosperous Africa by 2063, 100 years after the establishment of AU's predecessor, the Organization for African Unity (OAU).

Asia-Africa Growth Corridor (AAGC)

A vision document on the “Asia Africa Growth Corridor (AAGC)” was released at the **AfDB annual meeting** (May 2017) in **Gandhinagar**. This study was jointly produced by three research institutions of India and Japan (RIS, New Delhi contributed from India).

It envisages closer engagement between India and Africa for “sustainable and innovative development”, and will be anchored to **four pillars**:

- i. Development and cooperation projects;
- ii. Quality infrastructure and institutional connectivity;
- iii. Enhancing capacities and skills; and

iv. People-to-people partnership.

The AAGC will have special focus on the following geographies: Africa, India and South Asia, Southeast Asia, East Asia and Oceania.

Convinced of the rising importance of the Indo-Pacific region as “the key driver for prosperity of the world”, the Indo-Japan leadership decided “to seek synergy” between India’s Act East Policy and Japan’s “Expanded Partnership for Quality Infrastructure (PQI)’. India and Japan remain open to partnership with other like-minded countries such as the US, Germany, France and probably the UAE and Singapore.

- The Vision Document points out that AAGC connects the robust Asian economy to the young demography of Africa that holds so many possibilities. This mix of opportunity and challenge is so vast that it requires a whole-hearted international collaboration.

Whether this would be India’s answer to China’s OBOR?

Amb. Rajiv Bhatia: The honest answer is in the negative as the approaches of India and China towards Africa are essentially different.

- **China** concentrates on infrastructure and "**cheque-book diplomacy**" ("Debt-Trap Diplomacy"), whereas India focusses on the development of Africa's human resources.
- **China goes solo**, while India is desirous of working with other willing nations to assist Africa as per the latter's priorities.
- Besides, while committed to a voluntary partnership with Africa, **India is not “prescriptive”**, as FM Arun Jaitley explained. This enlightened approach offers “limitless possibilities” for India-Africa cooperation.

Nevertheless, it should be reckoned that **India and Japan do not have the luxury of time** in view of China's rapidly expanding footprint in Africa.

Immediately initiate a few joint pilot projects involving the companies of India, Japan and a few African countries such as Kenya, Ethiopia and Mozambique in identified areas such as health care, agriculture and blue economy. **Unless results become visible in the short term, questions may arise about the credibility of their joint approach.** China's substantial success needs to be matched by sustained India-Japan cooperation in Africa.

Economic Partnership

The India-Africa economic partnership lags some way behind the diplomatic reciprocity the two countries share. Africa has had a trade surplus with India in the past decade, but increasing two-way trade of goods and services across sectors calls for serious promotional measures and removal of non-tariff barriers. The government, Indian business and their African partners need to devise an action plan that can take trade to \$100 billion and investment to \$75 billion by 2022. (**Amb. Rajiv Bhatia**)

African Regional Economic communities:

- i. **COMESA** – The Common Market for Eastern and Southern Africa (COMESA) is a free trade area with twenty member states stretching from Libya to Swaziland.
- ii. Economic Community of West African States (ECOWAS) and
- iii. Southern African Development Community (**SADC**) in sub-Saharan Africa

- iv. The East African Community (EAC), comprising Kenya, Tanzania, Uganda, Rwanda, Burundi and South Sudan, has emerged as one of the most successful of Africa's Regional Economic Communities. Having established a customs union, it is building a single market and wants to set up a monetary union.

Prof. Sreeram Chaulia: India cannot be clubbed in the same category as **China**, i.e. as a **mineral-grabber** that is out to plunder Africa and denude it of its vast natural wealth. The message sent out by the PM's team ahead of his visit to the continent is that "**we are not here to exploit**" and "**we want to be partners in development.**"

- **China** has been trumpeting its South-South cooperation **model** as a resounding success in Africa. But the absence of a human resource component, a transparency element, and a social sector or democracy angle in that model means that India has an indispensable place on the continent.

Shashi Tharoor: **African countries admire China but they want to be like India.**

Annual Meetings of the African Development Bank (AfDB): India hosted for the first time in the history

- cooperation with Africa on the International Solar Alliance (ISA) initiative
- "High 5s" - focuses on five major developmental priorities comprising:
 - Agriculture, energy, industrialization, regional connectivity, and improved quality of life through access to social and economic opportunities.
- India Africa Forum Summit 2015, the announcement of a US\$ 10 billion line of credit by India.
- A vision document on the "Asia Africa Growth Corridor (AAGC)" was released at the AfDB annual meeting (May 2017) in Gandhinagar.

Some of the leadership Visits

Mozambique, South Africa, Tanzania and Kenya: (all 4 on periphery of Indian Ocean) PM's Visit (July 7 to 11, 2016)

- Focus Areas: **Maritime** Dimensions, Energy
 - Food security - India a major importer of pulses from these regions, Arhur, Tur & Moong daal
- Mozambique: Mozambique was ruled by Portuguese from Goa for nearly 250 years (1505-1752), so a strong connection .
 - 3rd largest exporter of natural gas after Qatar and Australia.
 - Mozambique is the destination of nearly a quarter of Indian Investments in Africa.
 - MoU on Govt. to Govt. purchase of pulses.
 - Maritime: member of IORA, a regular participant in the IONS.
- South Africa:
 - Partner in all our multilateral organizations: BRICS, IBSA, BASIC; supportive of NSG membership
- Kenya: Last visit in 1981 by Mrs. Gandhi; President of Kenya visit to India (Jan 2016), Rajiv Bhatia
 - Community: traders from Kutch region
 - A very healthy trade tradition, till 2014 our exports to Kenya were larger than any other country in Africa.
 - Broad based and wide ranging cooperation in agriculture and food security
 - Challenges in the Maritime domain
- Maritime Dimensions: All four countries are members of IORA

- India's expanding naval and commercial strategy needs to be aligned with the east coast of Africa if it is to succeed as a shaper of stability and peace in the Indian Ocean region.
- The mega-modernisation project of 'Sagar Mala', which involves coastal area development, port infrastructure advancement, connectivity and sea-based industrial synergies, could not merely be a domestic policy priority but interlinked to our strategic drive to be the defence and logistical partner for Africa's eastern coast.
- All are members of International Solar Alliance.

India-Egypt (President Sisi visit in September, 2016)

- to counter "sizable challenge" of extremism and terrorism, Egypt and India will build a "robust defence and security cooperation".
 - Declaration of a "robust defence and security partnership" is likely to further energise the Joint Defence Cooperation which was set up in 2006.
- an agreement on maritime shipping transport between two sides.

VP's Visit to Nigeria, Mali (September, 2016)

Nigeria:

- Elevated to Strategic partnership in 2007
- India is Nigeria's largest global trading partner, and Nigeria is India's largest trading partner in Africa (Bilateral trade USD 12.6 bn)
- Approx. 12% of our crude Oil requirements are met through Nigeria
- Nigeria hosts the largest Indian community in West Africa

VP's visit to Algeria (October 2016)

- Potash fertilizers: a joint venture arrangement with Algeria for a multi-billion dollar fertilizer plant
 - India, which has up to 96% phosphate dependency, with the volumes running to some 6 million tonnes a year, is seeking (not confirmed as of now) a 49% share in an Algerian block that has a capacity of 6 billion tonnes with 26% to 50% phosphate content.
- Oil Exporting nation

PM Visit Rwanda, Uganda and South Africa (BRICS 2018) - July 2018

- Rwanda - India will sign a defence framework agreement with Rwanda. The defence agreement is expected to enhance ties between the two countries, which became Strategic Partners in January 2017.
- India is yet to set up a long-promised embassy in Kigali, despite the strategic partnership and a specific promise to do so in a joint statement in January 2017 in Delhi.

Conclusion (Shyam Saran)

This is a continent of the future and India's long term prospects are closely tied to the success of its Africa strategy. Here it is important that India does not play a game of catch-up with China. Rather it is more important to leverage India's own unique strengths, such as its contribution to capacity building, promotion of entrepreneurship, small and medium scale industry and digital connectivity. India has a high reputation in Africa while China is being seen increasingly as a selfish and extractive power. Let us not traverse the Chinese path in Africa.

Our relations are a long way from reaching the peak. The great potential, therefore, in this relationship provides both India and our African partners, an opportunity to benefit significantly from its enlargement.

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India-Bhutan relations

India and Bhutan enjoy unique ties of friendship and cooperation, which are characterized by utmost trust and mutual understanding.

Diplomatic relations between India and Bhutan were established in 1968 with the establishment of a special office of India in Thimphu. Before this our relations with Bhutan were looked after by our Political Officer in Sikkim. The basic framework of India- Bhutan bilateral relations was the **Treaty of Friendship and Cooperation signed in 1949** between the two countries, which was **revised in February 2007**.

- 1949 Treaty: Gave India an advantageous role of "guide" of Bhutan's foreign policy and defence matters.
- Protests from Bhutan about continuation of a "guide" for foreign and defence matters of a sovereign nation, the treaty was partially modified in 2007 to remove this role. Nevertheless Bhutan's policies are by and large pegged with Indian policy. The 2007 pact was signed after the Himalayan kingdom introduced major political reforms to emerge as the world's newest democracy.
- The 2007 Bhutan-India friendship treaty states that the two neighbors "shall cooperate closely with each other on issues relating to their national interests. Neither government shall allow the use of its territory for activities harmful to the national security and interest of the other."

The Golden Jubilee of the establishment of formal diplomatic relations between India and Bhutan is being celebrated in the year 2018. ([MEA](#))

PM Modi paid his **first state visit abroad** after assumption of office to Bhutan in June, 2014. The special relationship has been sustained by the tradition of regular visits and high level dialogues between the two countries. The latest official visit has been that of PM Tshering Tobgay to New Delhi in July, 2018. Bhutan's King Jigme Khesar Namgyal Wangchuk attended the funeral of former PM Atal Bihari Vajpayee on 17th August 2018.

Bilateral Trade

India is Bhutan's largest trading partner. Among the total trade of Bhutan with other countries, 84% is with India. 94% of Bhutanese exports goes to India. In 2016, total bilateral trade between the two countries stood at Rs. 8,723 crore. 90% of Bhutan's total exports to India is through sale of electricity (~Rs. 2900 crores)

The trade between the two countries is governed by the India-Bhutan Trade and Transit Agreement 1972 which was last renewed in November 2016. The Agreement established a free-trade regime and trade is to be transacted in Bhutanese Ngultrums and INR. The Agreement also provides for duty free transit of Bhutanese exports to third countries. Bhutan is dependent on India for its external trade as it is a land-locked nation.

Suhasini Haider - India also needs to focus on policing cross-border trade better. The GST still hurts Bhutanese exporters, and demonetisation has left lasting scars on the banking system.

Bilateral Mechanisms in areas such as security, border management, trade, transit, economic, hydro-power, development cooperation, water resources.

Hydropower Cooperation

- So far, Government of India has constructed three Hydroelectric Projects (HEPs) in Bhutan totaling 1416 MW, which are operational and exporting surplus power to India. About three-fourth of the power generated is exported and rest is used for domestic consumption.
- India has agreed to assist Bhutan in developing a minimum of 10,000 MW of hydropower and import the surplus electricity from this to India by the year 2020. Currently, there are three Inter-Governmental (IG) model HEPs (Punatsangchhu-I, Punatsangchhu-II and Mangdechhu) under implementation.
- **Issues (Suhasini Haider):** Delays in constructing and commissioning hydropower projects in Bhutan by Indian companies have led to the country's burgeoning national debt.
 - India's power-surplus status and the advent of other renewable energies like wind and solar power will make it more difficult for Bhutan to ensure that its hydropower sector becomes profitable. And unless India finds ways to help, it will be accused of the same sort of "debt-trapping" that China is accused of today.

Bhutan is also the **recipient of highest aid/loan from India** for its developmental projects. Bhutan is about to be graduated to a middle income country, the first from South Asia.

Educational and Cultural Cooperation, Under Graduate and Post –Graduate Scholarships, Nehru-Wangchuck Scholarships, Ambassador's Scholarship, Aid-to-Bhutan ICCR Scholarship, ITEC Training Programme Scheme are some other important areas of cooperation.

The China Question

Doklam stand-off at Sikkim-Bhutan-Tibet trijunction:



China has long camouflaged offense as defense, in keeping with the ancient theorist **Sun Tzu's** advice that **all warfare is “based on deception.”** Still, the fact that the world's fourth largest country in area, after Russia, Canada and the US, is seeking to nibble away at the territory of a tiny nation speaks volumes about China's aggressive strategy of expansion.

Suhasini Haider (July 2017): China appears to be back in the eastern great game that Bhutan has become, or an “egg between two rocks”, as a senior Bhutanese commentator described it.

By triggering a situation where Indian soldiers occupy land that isn’t India’s for a prolonged period, Beijing may have actually planned to show up India’s intentions in an unfavourable light to the people of Bhutan.

- The government must see that Bhutan’s sovereignty is no trivial matter.
- New Delhi would do well to refrain from differentiating between political factions inside Bhutan.
- India must also be aware that other neighbours are watching the Doklam stand-off closely. Nepal, Myanmar and Pakistan too have tri-junctions (at least on the map) with both countries.

Shyam Saran (July 2017): China’s encroachment on **Doklam** is often characterised as a security threat to India, particularly to the narrow Siliguri corridor linking India’s North-East to the rest of the country. But it is also a threat to Bhutan whose main communication links south also traverse the same Siliguri corridor. The action taken by Indian forces in Doklam is in response to a serious security threat to both countries. Any notion that India has drawn a reluctant Bhutan into a crisis which is specific to India’s security interest alone, ignores this ground reality.

It is also important to keep Bhutan’s interests foremost while talking about the legal basis for the Sikkim-Tibet border. Bhutan was not a party to the 1890 Anglo-Chinese convention, nor to the subsequent 1906 convention.

This is not a case of big brother India coming to the rescue of a ‘tiny’ neighbour. The 2007 treaty was between two sovereign and independent nations which celebrated their longstanding relationship of mutual trust and close friendship and acknowledged the need to cooperate closely in upholding their shared security concerns. It is this spirit which must prevail as we continue to grapple with the challenge both our nations confront on our sensitive borders.

Just as China has tried to sow discord among ASEAN members through intimidation and blandishments, it is seeking to do the same in our neighbourhood. Both Bhutan and India understand this strategy very well even if some others in our region do not.

Suhasini Haider (August 2018)

Experts point out that China’s actions since last June, to build a permanent military presence above the stand-off point, mean that Bhutan has a much reduced advantage in any forthcoming negotiations on the issue. “We will continue to discuss Doklam de jure, but the situation has changed drastically de facto,” said one Bhutanese expert.

After Mr. Modi’s Wuhan outreach and several meetings with Chinese President Xi Jinping, Bhutan too has decided that there is little point in avoiding engagement with China. China’s Vice Foreign Minister Kong Xuanyou’s July visit to Thimphu was an outcome of this stance.

Interestingly, these issues are reminiscent of the situation in September 1958 when PM Nehru undertook the arduous three-week journey by yak across the Chumbi Valley to meet Bhutan’s third king, Jigme Wangchuck. The trip took place amidst rising tensions with China, even as it gave special clearance for the delegation to cross into Doklam.

As **former Foreign Secretary Jagat S. Mehta** wrote in his book, *“Negotiating for India: Resolving Problems Through Diplomacy”*: “The running anxiety during the 1960s for Bhutan was to steer its

external relations with China by giving neither provocation nor the impression of getting into a bear hug of dependence with India. Both could jeopardise [Bhutan's] autonomy."

How does BIMSTEC help Bhutan?

Constantino Xavier: "With one of the highest trade-to-GDP ratios in the region (82 percent) Bhutan's developmental goals will hinge on its ability to moderate its landlocked position by developing connectivity with the Bay of Bengal region."

Bhutan concerns on the 'BBIN' Motor Vehicle Agreement (MVA) (April-May 2017)

The Bhutanese government requested the other BBIN members to proceed with the agreement and also clarified that it would attempt to ratify the MVA after the country held general elections in 2018. Due to strained relations between Bhutan and Nepal, the Tshering Tobgay-led government feared that permitting Nepalese trucks to enter Bhutan would upset the electorate.

- The **main concern** expressed by Bhutanese citizen groups and politicians is over **increased vehicular and air pollution** in a country that prides itself on **ecological consciousness**.

India described Bhutan's decision as a "setback" and not a "rejection" of the agreement stating that it was natural that all members could not proceed at the same pace, and that India would continue its engagement with Bhutan on the issue.

Background of strained relations between Bhutan and Nepal

Bhutan's government ordered the expulsion of Bhutanese citizens of Nepali origin in the 1990s in the name of preserving Bhutan's unique national identity ("[One Nation, One People](#)" policy) which it boasts today.

The Nepali citizens were regarded as [a cultural threat to Bhutan](#). About 108,000 of these stateless Bhutanese are still living in seven refugee camps in Nepal, although many have been resettled in Western nations.

Bhutanese National Assembly election, 2018

The National Assembly election is scheduled to be held in Bhutan on 15 September and 18 October 2018. The elections will mark 10 years of democracy in Bhutan.

[Suhasini Haider](#) (Aug 2018) - [Given concerns over Indian influence, New Delhi must exercise caution in the run-up to Bhutan's elections.](#)

Sovereignty and self-sufficiency

- The People's Democratic Party, led by incumbent PM Tshering Tobgay, enters the elections with a visible edge, even if it may not be able to better its landslide victory in 2013.
- Attacking Mr. Tobgay over a perceived "pro-India" stance will be part of the Opposition's messaging. At its first rally, on July 29, the Druk Phuensum Tshogpa (DPT) party president, Pema Gyamtsho, said that "sovereignty, security and self-sufficiency" were the DPT's top priorities. Mr. Gyamtsho's statement advocates a Bhutanese foreign policy that is less dependent on India.

Given this, India must step lightly and thoughtfully around the upcoming election. The Manmohan Singh-led UPA government's decision to cut cooking gas subsidy just before the 2013 elections in Bhutan has often been shown as proof of Indian interference, especially by the DPT party that lost that election.

Israel and Palestine

Israel

India announced its recognition of Israel in 1950 itself, however, embassies were opened in 1992 when full diplomatic relations were established.

PM Modi undertook an historic **first ever visit by an Indian PM to Israel in July 2017**, during which the relationship was upgraded to a 'strategic' level. PM of Israel, Mr. Benjamin Netanyahu, made a visit to India in January 2018.

Key areas of cooperation: Defence and Security, Science & Technology, R&D innovation, agriculture and Water management.

Defence & Security

- **India is Israel's largest buyer of military hardware.**
 - SIPRI Report for 2013-17: Israel accounted for 11% of India's arms imports in 2013-17. Russia, the country's top arms supplier, accounted for 62% India's arms imports in 2013–17, followed by the US (15%) and **Israel (11%)**.
 - Proposals for joint ventures under the **Make in India** initiative including **transfer of technology** as well as **joint R&D** in defence and security fields.
- Joint Working Group on Counter-Terrorism.
- Cooperation in the areas of border management, internal security and public safety, police modernization and capacity building for combating crime, crime prevention and cybercrime were established by the committee.
- **Prof. P R Kumaraswamy**
 - The **military-security cooperation** with Israel would have to go beyond cash-and-carry mode and encompass joint research, development, production and possible exports to third parties.
 - Moreover, countries, like individuals, do not walk the talk when it comes to **technology transfers** and procurement is the only option. Public or private Indian groups would have to invest in sensitive military and non-military technological companies in Israel with the explicit purpose of getting these technologies into India.

Economic and Commercial Relations

- From US\$ 200 million in 1992 (comprising primarily trade in diamonds), bilateral merchandise trade stood at US\$ 5.02 billion (excluding defence) in 2016- 2017. Trade in diamonds constitutes more than 53% of bilateral trade.
- India is Israel's third largest trade partner in Asia after China and Hong Kong.
- In recent years, Israel has taken a strategic decision to strengthen economic relations with India, China and Japan.
- Stakes for public sector, Indian oil and gas companies in the **huge gas reserves in the Mediterranean Sea off the Tel Aviv coast** could also be one attraction.

Agriculture

- 22 India-Israel **Centres of Excellence for cooperation in agriculture** have been inaugurated so far, of the 28 centres that are planned as of now.

- India has benefited from Israeli expertise and technologies in horticulture mechanization, protected cultivation, orchard and canopy management, nursery management, micro- irrigation and post-harvest management particularly in Haryana and Maharashtra.
- Israeli **drip irrigation** technologies and products are now widely used in India. Recently, an Indian company Jain Irrigation acquired 100% stakes of an Israeli drip-irrigation company, Naandan.

Water Management: Israel is known as the **land of innovations in water management**. In 2013, of the total water available in Israel almost 16% came from desalinating seawater and another 22% came from recycling wastewater. Interestingly, almost 62 per cent of the irrigation water used in Israel comes from recycled and brackish water. Such recycling endeavours has relevance in India.

Prof. Nicolas Blarel on role of Indian States in India-Israel relations - While the personal chemistry between Netanyahu and Modi has helped elevate bilateral ties to new heights, the real agents driving the diversification and consolidation of the India-Israel partnership have been the **regional governments**. Modi, Pawar and Deve Gowda as CMs led India-Israel ties.

Structural issues in reaching the potential in India-Israel relations

- **Prof. Nicolas Blarel**: In spite of Modi's admiration for Israel's achievements in the fields of internal security and counter-terrorism, the **structural differences** between **Indian and Israeli national security situations, worldviews (notably on Iran)**, and the **absence of explicitly shared enemies** (beyond an abstract notion of global terrorism) limit any stronger strategic rapprochement.
- **Prof. P R Kumaraswamy** on drawbacks in India-Israel relations:
 - From Indian Side - We don't walk the talk. Delivery deficit. Decision making is very cumbersome (Red tapes).
 - From Israeli Side - Israel doesn't have the size/scale. e.g. 25 research centres in India is nothing considering the scale of challenge.

Domestic political angle in India's Israel Policy

- **Mani Shankar Aiyar**: Modi government's turn against Palestine reflects a majoritarian mindset.
- **Prof. P R Kumaraswamy**: India's Israel policy has also been a **domestic issue**. Since the days of the **Khilafat struggle** in the 1920s, **Indian nationalists viewed the Palestine question through an Islamic prism** and were hence unfavourable to the idea of a Jewish national home in a territory that remained largely Islamic since the Arab conquest of Jerusalem in 637 AD.
 - A powerful segment of the Indian elite has not come to terms with PM Rao's 1992 decision of establishing formal diplomatic ties with Israel and continues to argue that relations with Israel, especially military-security cooperation, are a dilution of the moral contents of the India's foreign policy and a betrayal of the Gandhi-Nehru legacy.
- **Amb. Vivek Katju**: Even as Indian Muslims may share a religion with the Palestinians, it is simply wrong to think that they factor this in when it comes to the consideration of India's national interest when it comes to foreign relations. In any event, **religious sentiments should not be a motivation for foreign policy**.
- **C Raja Mohan**: **The art of balance** (Jan. 2018)
 - Pragmatism, not political pieties from the right or left, should determine India's engagements with Israel and the Middle East. Although successive governments, of different political colour, have made a bow to pragmatism, the public discourse tends to remain ideological. Nowhere is this truer than the Middle East, where **India's domestic politics have always had a huge impact on how Delhi debates the region**.

- Israel's dispute with Palestine is not the only one that India confronts in the Middle East. Delhi, for example, is constantly trying to balance between Israel and Iran, Riyadh and Tehran, the Sunni and Shia, Saudis and Qataris, and between the Kurds and everyone else. Domestic political pieties, on the left and right, are the last thing India needs in navigating the Middle East minefield.

Palestine

The oldest unsettled issue in West Asia is the **Palestinian** question where no immediate end seems to be in sight. India has been consistent in extending its strong support to the Palestinian cause.

India's support for the Palestinian cause is an integral part of the nation's foreign policy. In 1974, India became the first Non-Arab State to recognize Palestine Liberation Organization (PLO) as the sole and legitimate representative of the Palestinian people. In 1988, India became one of the first countries to recognize the Palestinian State. In 1996, India opened its Representative Office in Gaza, which was later shifted to Ramallah in 2003. ([MEA](#))

Bilateral Visits:

- **PM Modi paid a historic first-ever visit by an Indian Prime Minister to Palestine in February 2018.** Earlier in last few years there have been visits by Former President Pranab Mukherjee, Minister Sushma Swaraj and M.J. Akbar.
- **President Mahmoud Abbas** visited India in 2005, 2008, 2010, 2012 and recently in May 2017 on his third State Visit.

[PM Modi during the State Visit of President Mahmoud Abbas \(May 2017\)](#)

- We hope to see the realization of a "**sovereign, independent, united and viable Palestine, co-existing peacefully with Israel** ... India hopes for early resumption of talks between Palestinian and Israeli sides to move towards finding a comprehensive resolution. At the bilateral level, India is committed to be a useful development partner of Palestine."
- India is undertaking project assistance for a flagship Techno-park project in Ramallah. Once completed, it will serve as an IT hub in Palestine offering a one-stop solution for all IT-related training and services. We also look forward to enhancing our cultural exchanges by adding new elements including Yoga exchanges.

[P. R. Kumaraswamy - Modi Redefines India's Palestine Policy](#) - India is no longer willing to view its Israel policy through the traditional Palestinian prism. Modi has now de-hyphenated, the earlier India's position of "balancing" its relations with Israel and Palestine.

- Modi paying standalone visits to Israel and Palestine is a remarkable shift.
 - The first sign came in July 2015 when India chose to abstain in the UNHRC vote on alleged 'war crimes' being committed by Israel as well as by Hamas during the 2014 war. India attributed its shift to a reference to Israel being taken to the International Criminal Court.
 - India once again abstained in March 2016 when the UNHRC voted on a similar resolution.
- **No mention of "East Jerusalem as Palestine's Capital"** in the joint statement.
 - Jerusalem, especially the Eastern part of the city, has layers of theological, historical, political and archaeological claims and contestations and has to be resolved through negotiations and mutual respect and accommodation.

- By dropping any direct reference to the city, Modi has placed Jerusalem on the bilateral agenda between Israel and Palestine to be resolved through negotiation and compromise.
- Besides being unapologetic about engaging with Israel, he is prepared to deal with both the parties independently and bilaterally. In practical terms, this means more economic engagements than political platitudes.

Press Statement by PM Modi during his standalone visit to Palestine (Feb. 2018) - No mention of "East Jerusalem" or "united and viable Palestine".

- Pm Modi: "India hopes that Palestine soon becomes a sovereign and independent country in a peaceful atmosphere."
- **Prof. P R Kumaraswamy:** 'United Palestine' has become an uphill task, especially since the onset of the Middle East peace process in Madrid in October 1991.
 - The militant Palestinian group **Hamas**, established in the wake of the first intifada in 1988, has been challenging the legitimacy of the internationally recognized Palestinian leadership.
 - Fatah–Hamas conflict, PNA and Hamas two centres of power.
 - Palestinian legislative election, 2006 - Hamas won, fatah defeated. President Mahmoud Abbas is a member of the Fatah party.
 - During the past decade, the Palestinians have been living under two political controls:
 - The internationally recognised PNA headed by Abbas whose authority is limited to the West Bank, and
 - An increasingly isolated Hamas-ruled Gaza Strip.

De-hyphenation of India's Policy towards Israel and Palestine?

- **Amb. Talmiz Ahmad:** "India's relationships with Palestine and Israel are totally separate, and should be weighed on their own merits. The former is about principled support for a cause; the latter is based on national interest. Modi has succeeded in de-hyphenating the relationship between Palestine and Israel. This is the correct thing to do. The approach to zero-sum diplomacy is wrong for a middle power like India. Middle powers don't have zero-sum approaches to diplomacy"
- **Prof. Harsh Pant:** This re-evaluation has been based on a realisation that India's largely pro-Arab stance in West Asia has not been adequately rewarded by the Arab world. India has received no worthwhile backing from the Arab countries in the resolution of problems it faces in its neighbourhood, especially Kashmir.
 - If Arab nations, such as **Jordan**, have been able to keep their traditional ties with Palestine intact while building a new relationship with Israel, there is no reason for India not to take a similar route, which might give it more room for diplomatic manoeuvring.
- **Prof P R Kumaraswamy - Have the Arabs lost India to Israel?**
 - This would have been the case, if Israel were Modi's first port of call after becoming Prime Minister in May 2014. This is not the case. Modi has delinked the Israel-Palestine equation and is suggesting an independent policy toward both.
 - Better relations with Israel would not dilute India's support for the Palestinians and at the same time, support to the Palestinian cause will not impede it from benefitting from Israeli expertise. This is primarily a response to the ground realities and internal Palestinian squabbles and disagreements.
 - Far from an ideological convergence between two rightwing governments, it is a reflection of India's understanding of Middle Eastern realities and an attempt to navigate through those troubled waters for India's economic progress and trade development.

- **Pinak Ranjan Chakravarty** - As Gulf countries gravitate towards Israel in search of support against Iran, this has made India's policy choices easier. A divided West Asia helps India make independent policy choices that are underpinned by growing economic bonds.

US recognises Jerusalem as the capital of Israel (Dec. 2017)

In October 1995, during the heydays of the Oslo process, the US Congress passed the **Jerusalem Embassy Act (1995)**, which demanded the relocation of the American embassy from Tel Aviv to Jerusalem and to recognize that city as Israel's capital. However, citing larger American interests, successive presidents deferred the move.

MEA: "India's position on Palestine is independent and consistent. It is shaped by our views and interests and not determined by any third country."

Harsh Pant - In the past, America's Arab allies in the region have had either official or covert ties with Israel. Today, a Saudi-Israeli-American equation has been emerging to counter a perceived threat from a resurgent Iran. Despite their rhetoric, the Palestinian cause has never been a priority for the Arab world. They will milk it to satisfy their domestic anger but beyond that are unlikely to do anything significant. They have bigger problems at hand. The reaction from the Arab street is an entirely different matter.

Prof. P R Kumaraswamy: Is it Jerusalem or Jerusalems?

- Despite all three religions tracing their origins to Abraham, interfaith accommodation over Jerusalem has been limited. It is a theological, geographical, historical, archaeological, political and emotional issue with contested claims and overlapping legacies. While it is necessary to simplify the problem, looking for a simple solution is dangerous and irresponsible.
- Despite the international uproar, the wording of President Trump's statement indicates that recognition of Jerusalem as Israel's capital is accompanied by a subtle reiteration of partition of the city into West and East Jerusalem, which is not the Israeli position. In that sense, there is no need for Netanyahu to celebrate.
- **From India's viewpoint**, let the parties concerned—Israel, Palestinians and the wider Arab-Islamic world—reach a settlement based on respect, compromise and accommodation. Thus, if India no longer recognizes East Jerusalem as the Palestinian capital, it is also not recognizing West Jerusalem as Israel's capital. Is there a better option?

Chinmaya Gharekhan (Dec. 2017): U.S. President Donald Trump has obviously given priority to nourishing his core domestic constituency rather than worry about the concerns of his close allies, all of whom voted against the U.S., except Canada which simply abstained.

India's vote in favour of the resolution was in line with its traditional policy. The government, no doubt, analysed the cost-benefit ratio.

- **Israel:** An objective analysis suggests that it is Israel which needs India more than the other way around. India buys at least a third of Israel's defence production. India is also very important to Israel for diplomatic and political reasons.
- **U.S.** - The interest is more mutual. We need American support for a few things such as the sale of their defence platforms and membership of the NSG. The U.S. has a huge interest in India's markets, especially given the latter's insatiable desire to acquire, and almost limitless capacity to pay for, expensive military hardware. There is also the China factor. But since Mr. Trump has very recently described India as a "leading global power" and expressed his readiness to support it in

reaching that status, India can perhaps relax. It is fortunate since it is not dependent on American aid, which can be cut off or reduced at will.

Pinak Ranjan Chakravarty: The US and Saudi Arabia seem to be more concerned about Iran and are willing to dump the Palestinians. American allies like Egypt and Jordan are likely to fall in line with this plan. Palestinians suspect that this peace plan will offer a watered down version of an independent Palestine — Abu Dis, a village neighbouring Jerusalem as capital, and no return to pre-1967 borders, Jewish settlements to remain in occupied territories and no right of return for Palestinian refugees.

Amb. Asoke Mukherji on Why India Voted in favour on Jerusalem in UNGA:

- i. India's institutional interest in using the UNGA platform to push for its foreign policy objectives.
 - India's recent experience of the persuasive power of the UNGA to overcome the opposition in the UNSC to the ICJ elections illustrates this well. It is with the larger objective of persuading the UNGA to adopt a resolution by two-thirds majority vote to amend the provisions of the UN Charter and reform the UNSC.
- ii. India's policy on West Asia, especially Jerusalem.
 - UNSC resolution 476, adopted in 1980, reiterated the illegality of any move to alter the status of Jerusalem. India, with its own experience of the violation of its territorial integrity by Pakistan's military actions in J&K, has endorsed the position of the UNGA and UNSC on Jerusalem. Its vote in the UNGA reflects the consistency of India's policy on this issue.
- iii. India's Foreign Policy interest flowing out of its "Think West" policy.
 - West Asian crude oil and natural gas account for almost 60% of India's energy imports annually.
 - The World Bank estimated that in 2015, about 7 million Indian nationals working in the three Gulf countries of Saudi Arabia, UAE and Qatar remitted US\$28.2 billion to India's household economy.
 - On December 5, the UAE Ambassador to India announced that the US\$75 billion UAE sovereign fund for India had been operationalized, with US\$1 billion already transferred to India's NIIF.
 - Such statistics underline the critical role that investments, trade and remittances play in the current drive to transform India, and the role of West Asian countries in this context.
- iv. Should be seen in the context of how Israel's other strategic partners have voted in the UNGA. This illustrates that India's position was not isolated, or divergent from other countries friendly with Israel or the United States. The 128 countries which voted for the resolution included the:
 - major exporters to Israel (China, Switzerland, Germany, Belgium and Italy),
 - 21 out of NATO's 28-member countries, as well as Russia.
 - From the Asian region, China, Japan, South Korea, Indonesia and Singapore supported the resolution, as did Bahrain, which hosts the headquarters of the US 5th Fleet, and Qatar, which hosts 10,000 US troops at its Al Udeid Air Base, the forward operating base of the US Central Command for actions in Syria, Iraq and Afghanistan.
 - Brazil, South Africa, Nigeria and a host of developing countries voted for the resolution.

Climate Change, PARIS Agreement

The [United Nations Framework Convention on Climate Change \(UNFCCC\)](#) is an international environmental treaty adopted on 9 May 1992 and opened for signature at the Earth Summit in Rio de Janeiro in June 1992. It then entered into force on 21 March 1994, after a sufficient number of countries had ratified it. The UNFCCC objective is to "stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system".

The framework sets non-binding limits on greenhouse gas emissions for individual countries and contains no enforcement mechanisms. Instead, the framework outlines how specific international treaties (called "protocols" or "Agreements" e.g. Kyoto Protocol and Paris Agreement) may be negotiated to specify further action towards the objective of the UNFCCC

The UNFCCC has 197 parties. The convention enjoys broad legitimacy, largely due to its nearly universal membership. The parties to the convention have met annually from 1995 in Conferences of the Parties (**COP**) to assess progress in dealing with climate change.

[**Kyoto Protocol**](#) (1997): The Protocol is based on the principle of common but differentiated responsibilities (CBDR). The Kyoto Protocol implemented the objective of the UNFCCC to fight global warming by reducing greenhouse gas concentrations in the atmosphere to "a level that would prevent dangerous anthropogenic interference with the climate system" (Article 2). The Protocol's first commitment period started in 2008 and ended in 2012.

A second commitment period was agreed on in 2012 (for period 2012-2020), known as the [**Doha Amendment to the Kyoto Protocol \(2012\)**](#), in which 37 countries have binding targets: Australia, the EU (and its 28 member states), etc. Japan, New Zealand and Russia have participated in Kyoto's first-round but have not taken on new targets in the second commitment period. Canada withdrew from the Kyoto Protocol in 2012 and the US has not ratified.

- A total of 144 instruments of acceptance are required for the entry into force of the amendment. As of 29 August 2018, 115 Parties have deposited their instrument of acceptance. Thus, it is yet to enter into force.

[**Bali Action Plan**](#) (2007): Agreement on a timeline and structured negotiation on the post-2012 framework (the end of the first commitment period of the Kyoto Protocol) was achieved. The Bali Road Map as a two-year process to finalizing a binding agreement in 2009 in Copenhagen.

[**Copenhagen Accord**](#) (2009): The conference did not achieve a binding agreement for long-term action. A 13-paragraph 'political accord' was negotiated by approximately 25 parties including US and China, but it was only 'noted' by the COP as it is considered an external document, not negotiated within the UNFCCC process.

The Accord, drafted by, on the one hand, the US and on the other, in a united position as the BASIC countries, was not legally binding and did not commit countries to agree to a binding successor to the Kyoto Protocol, whose round ended in 2012.

The [**Cancun Agreements**](#) (2010) established a Green Climate Fund, a Technology Mechanism and an Adaptation Framework, fulfilling the promise of the Copenhagen Accord.

Durban (2011) - Decisions to implement the Cancun Agreements, operationalise the Green Climate Fund (goal of mobilising \$100 billion per year by 2020), extend the Kyoto Protocol for a second commitment period, and launch a new process to negotiate a future climate regime (by 2015, which eventually turned out to be the Paris Agreement). This was a "package deal", in that without an agreement to negotiate a future climate regime, the EU would not have agreed to a Kyoto second commitment period.

- The **Durban Platform** decision does not contain a reference to "equity" or "common but differentiated responsibilities".
- Developed countries were unanimous in their insistence that any such reference must be qualified with a statement that this principle must be interpreted in the light of "contemporary economic realities". They were also insistent that the future regime must be "applicable to all". India, among other developing countries, argued in response that this would tantamount to amending the Framework Convention on Climate Change.

The **Doha Amendment** (2012) to the Kyoto Protocol (to be accepted before entering into force) featuring a second commitment period running from 2012 until 2020 limited in scope to 15% of the global carbon dioxide emissions due to the lack of commitments of Japan, Russia, Belarus, Ukraine, New Zealand (nor the United States and Canada, who are not parties to the Protocol in that period) and due to the fact that developing countries like China (the world's largest emitter), India and Brazil are not subject to emissions reductions under the Kyoto Protocol.

Warsaw (2013) - The parties agreed to develop informational requirements and to initiate domestic preparations for their "intended nationally determined contributions, without prejudice to the legal nature of the contributions" of the Paris Agreement.

- The word "intended" suggests that the intended contribution could be revised by the party itself or as the result of an international assessment process.
- The term "nationally determined", much to the dismay of small island states, endorses a bottom-up approach, leaving the framing of contributions, at least in the first instance, solely to the nations.
- The term "contributions" leaves their nature — whether they are commitments, or actions, or commitments for some and actions for others — open. Fourth, the decision leaves the legal form of the contributions unresolved. On a positive note, since the term "contributions" is not qualified by "mitigation", contributions could be in the form of adaptation, finance, technology transfer or capacity building.

Lima (2014) - **Lima Call for Climate Action** - States arrived at the elements of the negotiating text for the 2015 agreement. Lima decision provides guidance, albeit not as robust as desired, to states as they prepare to submit their "INDCs" next year in 2015.

- Background: **US-China bilateral deal on Climate change (Nov. 2014)**. China had chosen 2030 as its peaking year.
- In contrast to working together with the BASIC countries to negotiate the Copenhagen accord with the US, Beijing made a deal with Washington on climate change before the Paris climate agreement. The most important relationship for China is its "great power relationship" with the US, the world's pre-eminent power; relations with other major powers are now of secondary importance. ([Shyam Saran](#))

Lavanya Rajamani - Negotiating challenges for India (Oct. 2015)

- **Differentiation**
 - The principle of common but differentiated responsibilities and respective capabilities (**CBDR-RC**) that legitimizes differentiation between developed and developing countries.
 - The principle of progression, that Parties nationally determined mitigation efforts should reflect a progression beyond previous efforts.
- **Parity between mitigation, adaptation and finance**
 - India has also long argued to treat mitigation, adaptation and finance on par with each other.
 - Many developing countries are keen to ensure that if their mitigation commitments are ratcheted up, so should the financial obligations of developed countries. While mitigation provisions are couched in actionable language (Parties shall/should... etc.), thus clearly identifying actors and actions, several adaptation and finance provisions are couched in non-actionable language (Parties recognize/acknowledge...etc.), providing considerable discretion to Parties in their implementation of these provisions.
 - Both the adaptation and finance provisions of the text will need to be considerably strengthened to meet India's needs.
- **Design of the Review Mechanism**
 - Bottom-up approach rather than a top-down review mechanism.

Shyam Saran (Nov. 2015) - India is targeted as a “spoiler”, an “obstructionist” or, more mildly, as a “challenge”, because of its ability to spell out to sister developing countries the negative implications of what the developed world is proposing and mobilising opposition to such attempts.

Paris Agreement (2015)

The agreement strikes a delicate balance between the collective ambition of global efforts to lower greenhouse gas emissions, differentiation between developed and developing countries, and mobilisation of the financial resources needed for support

- The Paris Agreement resolves to hold global temperature rise to “well below 2 degrees Celsius” above pre-industrial levels and to pursue efforts towards a 1.5 degrees C temperature limit.
- This goal is complemented by a binding obligation to submit mitigation contributions every five years and to pursue domestic measures to achieve them. For every five-year cycle, states must put forward contributions more ambitious than their last.
- States will provide information on the implementation of their contributions, which is then subject to a technical expert review process. In addition, the agreement envisages a “global stocktake” every five years to assess collective progress towards long-term goals.

The outcome document consist of two parts: A decision of the CoP to the UNFCCC, which is non-binding, and a Paris Agreement, which when signed and ratified will constitute a legally binding agreement.

What is “legally binding” in the Paris Agreement?

- It institutionalises a “pledge and review” system, whereby countries are committed to offering voluntary climate change actions that would then be subject to periodic (in this case, five yearly) reviews, but with no penalties for not achieving these voluntary targets.

Criticism of Paris agreement:

- The INDCs pledges do not, at all, add up to the scale and urgency of the threat posed by global climate change.
- The modest target of \$100 billion in climate finance promised by 2020 is projected as being close to realisation by lumping together overseas development assistance as well as commercial financial flows.
- The **focus** has been on 'production side' of CO₂ emissions and **NOT** the '**Consumption side**' as to '**lifestyle changes**' that people in developed countries particularly should need to go further into.
- Paris agreement doesn't talk about "**Water crisis**".
- Criticisms vis-a-vis departure from UNFCCC convention (Shyam Saran):
 - There is no legal distinction between developed and developing countries as Annex I and non-Annex I countries, respectively, as under the UNFCC convention.
 - Differentiation is also time bound in the sense that the Paris Agreement expects all countries to peak their emissions as soon as possible and then undertake economy-wide reductions, though developing countries are allowed to peak later than developed countries. In the convention, only the latter were expected to do so, not developing countries.

India and Paris Agreement:

- The Paris Agreement is firmly grounded in the principle of CBDR-RC. Further, the agreement recognises that the global temperature goal must be achieved in the context of sustainable development and poverty eradication, and that developed countries should lead in mitigation efforts and continue to provide financial resources to developing countries.
- The agreement places contributions on mitigation, adaptation and support on an even keel.
 - Thus the obligation to put forward increasingly ambitious contributions applies not just to mitigation contributions but also to financial contributions by developed countries.
 - The global stocktake, too, will assess progress not just on mitigation contributions but also the finance ones.
 - To set a new collective quantified target from a floor of \$100 billion per year from 2025, taking into account the needs and priorities of developing countries.
- Navroz Dubash (Dec. 2015): The Paris Agreement preserves space for greater energy use, but with the caveat that India's actions will be subject to scrutiny. We should use these mechanisms to hold others to account.
- Shyam Saran (Former foreign secretary, was the PM's special envoy on climate change from 2007-10)
 - For India, Paris was a holding operation, to stop the attrition process in play since Copenhagen in 2009, which led, through successive annual CoPs, to the virtual hollowing out of the convention.
 - The Paris Agreement is a pale shadow of the convention, but our negotiators at least salvaged some key principles such as equity and differentiation that were in danger of being obliterated along with the notion of "historical responsibility".
 - The focus will now shift to the several mechanisms and procedures that have to be put in place to give effect to the Paris Agreement. We must ensure that this follow-up exercise does not undermine some of the few gains we have managed to salvage at Paris.
 - This will include the methodology for measuring net emissions during the five-year review and the nature of the flexibility that is available to developing countries in this regard.

- The issues of finance and technology transfers remain unresolved. The formulations in the Paris Agreement on them are mostly in the nature of exhortations rather than substantive.

The Paris Agreement was open for signature by states and regional economic integration organizations that are parties to the UNFCCC (the Convention) from 22 April 2016 to 21 April 2017 at the UN Headquarters in New York.

The agreement stated that it would enter into force (and thus become fully effective) only if 55 countries that produce at least 55% of the world's greenhouse gas emissions ratify, accept, approve or accede to the agreement. The Agreement entered into force as of 4 November 2016 (just before the US Presidential election on 8th Nov. 2016, thus placing the Agreement on a firm footing, Brexit or Trump).

India ratified the Paris Agreement on 2nd October, 2016 (Mahatma Gandhi's birthday). As of July 2018, 195 UNFCCC members have signed the agreement, and 180 have become party to it. [India's ratification](#) (official ratification document's link attached) of the Paris Agreement is accompanied by the **following declaration:**

- 'The Government of India declares its understanding that, as per its **national laws**; keeping in view its **development agenda**, particularly the eradication of poverty and provision of basic needs for all its citizens, coupled with its commitment to following the low carbon path to progress, and on the **assumption of unencumbered availability of cleaner sources of energy and technologies and financial resources** from around the world; and based on a fair and ambitious assessment of global commitment to combating climate change, it is ratifying the Paris Agreement.'

[Lavanya Rajamani - Significance of India's Ratification of the Paris Agreement](#) (October 2016)

Many of the elements highlighted in the declaration - national laws, development agenda, access to cleaner energy sources - form part of **India's 'national circumstances,'** which is a notion firmly embedded in the Paris Agreement. This is in evidence in the 'nationally determined' nature of contributions from Parties, as well as the fact that the Agreement for the most part contains legally binding obligations of conduct rather than result.

- In deference to the different national circumstances of states, the Paris Agreement **does not oblige India to achieve its national contribution.**
- Parties are **legally bound to:**
 - prepare, maintain and communicate contributions,
 - take domestic mitigation measures (Article 4.2) to achieve these contributions.
 - provide the information necessary to track progress in achieving their contributions. The information will be subject to a 'technical expert review' and a 'multilateral consideration of progress'.
- In addition, the context for implementation of the 'well below 2°C/ 1.5°C temperature goal, as well as the net zero goal contained in the Paris Agreement, is sustainable development and efforts to eradicate poverty (Articles 2 and 4). There are also numerous references to equity and the principle of CBD-R-RC, in light of different national circumstances, in the Paris Agreement, including in the overarching 'purpose' of the Agreement.
- The **global stocktake**, to be conducted every five years, the first in 2023, is intended to assess collective progress towards long-term goals.
 - The stocktake assesses not just mitigation actions but also adaptation and support (finance, technology and capacity building) actions taken by states. The stocktake will provide a clear

picture of 'global commitment to combatting climate change.' The stocktake is to be conducted in the light of equity, as yet undefined.

- India can help define and operationalise the notion of 'equity' in the global stocktake.

India's contribution - Measures and Policies for Tackling Climate Change (PIB)

- India pledges to
 - i. reduce the **emissions intensity** of India's GDP by **33-35% from 2005 levels by 2030**,
 - ii. increase the **share of non-fossil-fuel-based electricity** to **40%** cumulative electric power installed capacity, and
 - iii. to significantly increase India's **forest and tree cover** (**2.5 billion (Giga) tonnes CO₂ capture** by forest and tree cover)
- Every successive contribution is expected to reflect '**progression**' and '**highest possible ambition**', and must go further than this initial contribution.
 - The Paris Agreement is unclear on how progression and ambition is to be measured, and by whom. In practice, this may be self-determined.
- **Challenges:** Radical restructuring of Electricity production.
 - India's renewables target of 175 GW would then lead to Coal based production simultaneously go up and down to balance the same. This may require some coal based plants to close down.
 - If India actually meets the target of 175 GW in renewables, then the huge proposed investments in Coal Based Power Plants of the amount of USD 50 bn \$ is a big question mark!
 - How do we meet the volatile electricity demand (depending on seasons of summer and winter) at affordable prices (Solar and Wind power related storage technologies are much costlier).

Cost of Climate Change for India - World Bank report says that rising temperatures and changing monsoon rainfall patterns from climate change could cost India **2.8% of GDP**, and depress the living standards of nearly half the country's population by 2050.

- If no measures are taken, average temperatures in India are predicted to increase by 1.5-3°C by 2050. If preventive measures are taken along the lines of the Paris Agreement, avg. temp would rise by 1-2°C by 2050.

Carbon Imperialism Vs Economic Cost of Renewable Energy Vs Social Cost of Thermal Powerplants

CEA **Arvind Subramanian** says we should not blindly imitate the renewable energy obsession of the first world, and must resist carbon imperialism. The Economic survey 2016-17 Vol.2 chapter 5 points out that though coal has social / environmental costs, we can't substitute it with renewable energy. Even NITI Ayog's 3 Year Action Plan makes recommendations to increase coal production.

Q. "While India believes in low carbon economy, it can't be subservient to carbon imperialism".

Substantiate in context of Paris Agreement.

- Carbon Imperialism - Developed nations are trying to enforce their views about energy-consumption upon the developing nations, with two primary motives:
 - To sell their nuclear fuel and technology.
 - To portray the third world in bad light for using coal power and thereby reducing their own culpability for global warming.
- India's initiatives and commitments regarding clean energy:
 - **INDC** commitments

- **Carbon tax** - a fairly high cess of Rs 400 a tonne on coal that goes into a Clean Energy Fund to finance renewable energy projects and energy efficiency projects.
- **Schemes, Missions, Initiatives** - NAPCC, Green Corridor Program, FAME India programme on Hybrid and Electric vehicles, RBI included renewable energy projects under the PSL norms, SEBI notified framework for issuing green bonds and listing them on stock exchange for better public participation etc.
- **Why we can't blindly imitate first world's clean energy obsession.**
 - Historical injustice in the industrialization age, principle of equity, etc.
 - **Coal offers the cheapest source of energy.** Alternatives are neither cheap, competitive nor convenient because:
 - **Hydel** energy requires construction of large dams. Implications: displacement of people and ecological concerns.
 - **Nuclear** energy has issues related to safety of humans and environment, availability of fuel and technology.
 - The land requirement for Solar Powerplants is 10 times that of thermal power plant. This has implications on project cost and food security.
 - A 180 degree shift to renewables **will render thermal plants idle**, leading to unemployment and further aggravation of the NPA & twin balance sheet problem.
 - **Wind and solar power** are non-dispatchable, i.e. energy can be generated only when there is wind blowing or there is appropriate sunshine. This imposes additional cost of storage and backup system.

Adoption of renewable energy is a prerequisite in the fight against global warming. But energy access to all, is also a prerequisite in the fight against poverty and low human development. While India understand the significance of both, but disagrees with developed nations' priority that the former (Renewables) should take precedence over the latter (HDI).

Conclusion on India's post-Paris negotiations:

- If India engages meaningfully in the post-Paris negotiations, it can address all the concerns underpinning its declaration. The negotiations in the coming years are therefore critical.
 - Recognition of national circumstances, eradication of poverty, provision of basic needs, equity, support and global commitment.
- The post-Paris negotiations have crucial gap filling work to do --- rule-making processes. **India should ensure that transparency and other processes adequately recognise its needs and constraints, and that equity is operationalised through the Paris rulebook**. As one of the nations that brought the Paris Agreement into force, it can do so with greater moral authority than ever.

US announces to withdraw from Paris Agreement

In June 2017, U.S. President Donald Trump announced his intention to withdraw his country from the agreement. The Agreement only permits a state to withdraw three years after the Agreement enters into force for that state, and the withdrawal takes effect a year later.

Under the agreement, the earliest effective date of withdrawal for the U.S. is November 2020, shortly before the end of President Trump's current term. In practice, changes in United States policy that are contrary to the Paris Agreement have already been put in place

The lingering threat of US withdrawal had fostered unlikely alliances and a strong sense of solidarity among other nations. The **BASIC** (Brazil, South Africa, India and China) countries reiterated their

“unwavering commitment” to the Paris Agreement in April 2017, as did the other G-7 countries last week. The EU and China have also committed to forging ahead to implement the Paris Agreement.

Shyam Saran: On Climate Change, the **US Needs to Be Isolated, Not Appeased**. As Trump knocks down the Paris pact, the Modi government should **push India's BASIC strategy again**.

Trump seeking renegotiations in order to make it reflect US interests better.

- Fresh negotiations is unlikely (especially when this was arrived after tortuous negotiations).
- Furthermore, the agreement implicitly recognises the principle of “no backsliding”: nations can make their commitments progressively more ambitious but not dilute them. The stated intent of the US – to reduce its commitments – would violate this principle.

Global total emissions:

- India total emissions are less than 5% in total; per capita emissions: less than 2 tonnes (half of the global average).
- China's per capita emissions: **8 tonnes**,
- US's per capita emissions: **20 tonnes**, ten times that of India.
- China's per capita emissions by 2030 will likely be 14 tonnes while India's will be about 7 tonnes even under the most generous assumptions of the country's growth trajectory.

Trump said a country like India was demanding billions of dollars as a condition for fulfilling its commitments under the agreement. This is a lie plain and simple.

- While India's submission did raise the expectation of international support, virtually all its measures announced and being implemented, are domestically financed. This is true of the ambitious National Solar Mission and more importantly, India is the only emerging economy to put a fairly high cess of Rs 400 a tonne on coal that goes into a Clean Energy Fund to finance renewable energy projects and energy efficiency projects. It is another matter that the funds are underutilised.
- Despite its low level of per capita energy consumption, half of the global average, India is doing much more than most developed countries to meet the challenge of climate change.

Shyam Saran - What should India's climate change strategy be in the light of Trump's decision to exit the agreement?

1. India should continue its adherence to the agreement. Since it is a framework agreement which remains to be fleshed out in subsequent negotiations, there should be a determined effort to operationalise principles of equity, of CBDR-RC principle, of transparency in evaluating performance in achieving targets but equally in the level of financial and technological support provided by developed countries to developing countries.
 - With the absence of the US in the post-Paris deliberations, the opposition to these measures is likely to diminish. It is the US which has pressed for “equal commitments” as against the CBDR principle and for intrusive evaluation without the flexibilities recognised under the agreement.
2. India must reject any demand for re-negotiation in order to keep the US within the agreement's fold. It is better for the US to be isolated in this case; the argument that as the world's leading economy and second largest emitter, the US should be kept within the tent should be rejected. Every such effort, since the Bali Action Plan was adopted in 2007, led to a race to the bottom in terms of the nature of commitments and strict compliance procedures originally envisaged under the original UNFCCC. A further dilution to an already anaemic agreement would make it a complete farce.

3. India should explore opportunities to revive a coalition of emerging economies, including China (e.g. BASIC), to ensure that the ongoing multilateral negotiations to impart substantive content and to spell out specific measures elaborating the general provisions of the agreement, adhere to the principles and provisions of the UNFCCC.
 - BASIC in the run-up to the Copenhagen Climate Summit (2009) had succeeded in forestalling the US and Western attempts to eviscerate the UNFCCC and shift the burden of tackling climate change on to the shoulders of the developing countries.
 - However, subsequently China began cutting bilateral deals with the US rather than working together with other emerging economies. Now that the US has abandoned ship, perhaps the Chinese may see merit in reviving the BASIC coalition to ensure that the Paris agreement remains aligned with the UNFCCC and that the principle of equity remains the bedrock of international efforts to combat climate change.

Navroz Dubash - Trumping the climactic exit (June 2017)

In practical terms, the withdrawal of the U.S. from the Paris Agreement is an enormous setback to effective climate action.

- As the largest historical emitter and the second-largest current emitter of greenhouse gases, the U.S. has a huge role to play in reducing emissions. Meeting a two degree temperature limit target just got much harder.
- The US also has obligations to provide finance and technology support to developing countries, from which it will now walk away.
- Other, smaller countries, less responsible for the problem, could justifiably now wonder why they should act when the U.S. has chosen to abdicate responsibility.

Three silver linings:

- i. This was the second-worst, not the worst, outcome. More damaging would have been the other option Mr. Trump was reportedly considering: stay in the Paris Agreement, but substantially lower the U.S. pledge.
 - Sanctifying a weaker U.S. pledge would have violated the principle of 'progression' that lies at the heart of the Paris Agreement. While countries may also mimic the U.S. in walking away, the political cost of doing so is much higher than lowering a pledge, and so a domino effect is less likely.
- ii. The U.S. exit reduces the likelihood that the Americans will play a destructive role in the further elaboration of the agreement's mechanisms.
- iii. The U.S. exit makes more transparent the political stakes on climate change in the U.S., and is more likely to force a national conversation in that country on where its interests lie.

Post-Paris Conference of Parties (CoP)

- i. **COP 22 - Marrakesh (2016):** A focal issue - Water scarcity, water cleanliness, and water-related sustainability.
 - The ways in which the Paris Agreement will be applied, as well as the agenda for negotiations, were on the agenda for COP22.
- ii. **COP 23 - Bonn, Germany (2017)**
 - Although COP23 focused primarily on technical details of the Paris Agreement, it was the first conference of the parties take place after President Donald Trump announced that the U.S. would withdraw from the agreement.
 - COP23 concluded with what was called the 'Fiji Momentum for Implementation,' which outlined the steps that need to be taken in 2018 to make the Paris Agreement operational

and launched the [Talanoa Dialogue](#) - a process designed to help countries enhance and implement their NDCs by 2020.

- The Pacific concept of “Talanoa” - storytelling that leads to consensus-building and decision-making. To allow for participants to share their stories in an open and inclusive environment, devoid of blame, in the hopes that others can learn and benefit from their ideas and experiences.

iii. **COP 24 - Katowice, Poland (2018) - to be held on 3-14 December 2018.**

Conclusion

Routine engagement of the States is crucial to India's climate action commitments.

- Meeting national climate targets demands that, both national and State plans be periodically reassessed and reviewed. A transparent framework for review, audit and monitoring of GHG emissions is needed. As State capacities vary significantly, the principle of CBDR should be applied to allocate mitigation targets in different States, based on the principle of equity.
- States have enormous mitigation potential, but the evidence pertaining to its effectiveness is still scarce. Therefore, India must look towards creating knowledge action networks and partnerships under both national and State action plan frameworks.
- Kerala has taken the lead to build such a knowledge network funded by the National Mission on Strategic Knowledge for Climate Change.

Shyam Saran - Is There A Need For A Paris Agreement Between Governments And Citizens?

We need a **Citizens' Charter on Climate Change** in which participants voluntarily pledge practical actions for their part as citizens, families, localities and civil society groups, to promote a more sustainable lifestyle.

Modern societies treat nature as a dark force to be conquered and subjugated through technology to serve our material needs and aspirations. It is this value system and mindset that lie at the heart of the climate change challenge.

- The products we design, produce and consume reflect our **preference for disposability over durability**.
- We **rate novelty higher than reliability**.
- Our consumer markets are based on **use and discard**.
- Our **production processes are linear** and once-through, using raw materials to produce finished goods with **huge waste inherent in the system**.
- Affluence is associated with excess. **Our development model must be resource-frugal.**

Vice President Venkaiah Naidu Speech - In "**Prithivi Suktam**", the hymn to the Mother Earth, the ancient Indian seers have said:

"May whatever is decided in assemblies of men, in villages and towns, be in accordance with your rules, not contrary to them, O Mother;

May we have the good sense to perform only those actions that will keep the waters of the earth pure and unpolluted;

May we, the children of Mother Earth, have the wisdom to speak to each other pleasantly and in a manner that is understood well, in spite of our different tongues and cultures;

May our interaction among ourselves and Mother Earth be harmonious."

NUCLEAR Doctrine, India and non-proliferation export control regimes, NPT (50 years of NPT) and CTBT, UN TPNW 2017, 20 Years of Pokhran, 10 Years of Indo-US Nuclear Deal

Key dates in the nuclear arms race

- June 1942: The United States launches the top-secret "Manhattan Project" to build an atomic bomb before the Nazis do. More than \$2 billion is spent to achieve that goal.
- July 1945: The early morning "Trinity" test takes place in New Mexico, marking the dawn of the nuclear age.
- August 1945: On August 6, a US bomber drops an atomic bomb built with uranium on Hiroshima, killing 140,000 people and wounding tens of thousands. Three days later, a second atomic bomb with plutonium fuel smashes Nagasaki, killing 70,000 people. On the 15th, Japan surrenders.
- August 1949: Four years after Hiroshima and Nagasaki are destroyed, the Soviet Union successfully tests its own atomic bomb in Kazakhstan. Britain becomes the world's third nuclear power with an A-bomb test in Australia in October 1952.
- November 1952: The US tests its first hydrogen, or thermonuclear bomb (H-bomb), in the Pacific. It is almost 700 times more powerful than an atomic bomb. The Soviet Union tests its first H-bomb in 1953, followed by the British in 1957. France then tests an A-bomb in February 1960, as does China in October 1964. Both countries follow suit a few years later with H-bomb tests.
- February 1967: The **Tlatelolco treaty** declares Latin America a nuclear-free zone. It is followed by other treaties that cover the Pacific, South-East Asia, and Africa.
- July 1968: Britain, the Soviet Union and the United States sign the **Non-Proliferation Treaty (NPT)** which takes effect in March 1970.
- May 1998: India and Pakistan become nuclear powers.
- October 2006: North Korea, which withdrew from the NPT in 2003, detonates an atomic device, and follows with three more tests since then. North Korea is also developing ballistic missile technology.
- In December 2006, Israeli authorities let it be known they possess nuclear weapons, and the country is also developing long-range missiles.
- July 2015: **JCPOA** - An agreement between Iran and major powers is signed with the aim of ensuring that Iran's nuclear programme remains limited to civilian purposes. In exchange, international sanctions against Iran are lifted.
- May 2018 - US pulls out of Iran Nuclear Deal JCPOA.
- June 2018 - Trump-Kim Summit (June 12, 2018). Joint Statement affirms "complete denuclearization of the Korean Peninsula" as the goal.

Current Nuclear Powers (atom bombs or nuclear weapons) nations: P 5 states - (US, Russia, China, France and UK); India, Pakistan and North Korea and Israel (believed to be possessing Nuclear Weapons).

India's Nuclear Doctrine

Although the broad contours of India's nuclear doctrine were announced within the days of May 1998 nuclear tests, the formal doctrine was made public only five years later on 4th January, 2003.

Prof. Rajesh Rajagopalan comprehensive article.

- To deter effectively an adversary like Pakistan from using it, India's doctrine consists of **no first use but assured and massive retaliation** (Pakistan Nuclear Arsenal: expected to become the world's third largest nuclear power with as many as 120 warheads, behind the U.S. and Russia. At present, Pakistan is spending about 25% of its budget on defence.)
- So far, the **Nuclear Triad** (aircraft, land-based mobile missiles and sea-based assets) which is to guarantee India's assured retaliation **remains a work in progress**. Mobility for the land-based missiles is being ensured through canisterisation but the sea leg of the triad (Currently INS Arihant operational, INS Chakra under a 10-year lease from Russia since 2012) will take time before India is able to field adequate numbers of nuclear submarines with long-range nuclear-tipped missiles (Ballistic missile submarine (**SSBN**) and Attack submarine (**SSN**)).

6 major issues that agitate the Indian debate:

- India's NFU commitment,
- Credible minimum deterrence,
- Nuclear retaliation to CBW attacks,
- Command-and-control aspects of the doctrine,
- Massive retaliation, and
- Pakistan's resort to TNWs and terrorism

i.) Pros and Cons of India's "No First Use" policy and its "voluntary moratorium" on Nuclear testing

Moderates (those who largely support the current doctrine) and expansionists (those who would revise it significantly to make it more aggressive) disagree with great vigor over NFU.

Moderates:

- **K. Subrahmanyam**: "**deterrence is more about perception than numbers**", and as long as the other side perceives a survivable nuclear capability, deterrence will hold.
 - In response to the often-expressed fear that NFU will prevent India from acting against an imminent nuclear attack, **Subrahmanyam** points out that such a preemptive strike would not prevent retaliation. He, however, did not consider the possibility that striking first could potentially reduce the lethality of the retaliation. Much more important, he points out that it is always possible that an adversary might decide not to launch an attack at the very last moment but that a preemptive strike will force them to retaliate. This is without doubt the most important argument against nuclear preemption.
- **Manpreet Sethi** points out, the most important advantage of NFU that it obviates the need for the expensive nuclear weapons infrastructure that is associated with a first-use doctrine, also it puts the onus of escalation on the adversary, without preventing India from defending itself. Further, there is little need for India to have nuclear forces on hair-trigger alerts which are always risky. i.e. ours deployment postures, kind of alert levels etc. NFU allows India to keep its weapons **disassembled**, thus averting the need for security systems such as '**Permissive Action Links**' which are required to prevent unauthorized arming or detonation of the nuclear weapon. Because of

NFU we are able to maintain our nuclear force in a "**de-mated state**" i.e. keeping our war heads separate from our missiles.

- **Admiral Verghese Koithara:** NFU avoids the need for war-fighting approaches that use TNWs and counterforce targeting philosophies, both of which add to the size and complexity of a nuclear arsenal. NFU also reduces the difficulties and expenses associated with a complicated **command-and-control system**. More Political control as we don't have to deploy weapons on the field, those can be centrally monitored and controlled.
- NFU also reflects India's traditional abhorrence of nuclear weapons.
- **Do we actually have first strike capability? Rakesh Sood:** It is difficult to think that India will have a first strike capability which can destroy each and every Pakistan's nuclear assets i.e. "**decapitate**" Pakistan's or China's nuclear assets. Even US doesn't have the capacity to decapitate North Korea.

Expansionists:

- i. **Bharat Karnad** provides the best exemplar of opposition to NFU arguing that:
 - A NFU posture is only possible for a country that has "extreme confidence not only in the **survability of its national nuclear forces** sufficient to muster a devastating retaliatory strike, but also in the efficacy of its crisis management system".
 - India should abandon NFU because India cannot keep its arsenal limited if it has to prepare to receive an initial attack and then have enough weapons left over for retaliation.
 - He argues that crisis management is not India's forte. The Indian bureaucratic system, he says, "is manifestly incapable of handling any emergency as dire as a nuclear strike."
 - "The NFU principle is unenforceable", since there is no way in which nuclear weapons can be designed only for a second strike, NFU is more a peacetime declaration that a country does not have to abide by during war.
 - Not surprisingly, those who recommend against altering the NFU turn this argument around, pointing out that since the NFU is a declaratory policy that does not affect India's war-fighting ability, there is no reason to move to a first-use doctrine, which could bring unwanted international pressure, spur an arms race, and prevent confidence building between the two sides.
- ii. **Prof. P. R. Chari**, not so much an expansionist, who is a well-known supporter of disarmament and an advocate for building good ties with Pakistan, also highlights the "insufficiency" of NFU, proposing that it frees Pakistan from fearing an Indian nuclear riposte to either terrorism or limited war.

Q.) How to deal with the most pressing dilemma that New Delhi faces: countering Pakistan's TNWs?

Key difference in the way India and Pakistan look differently at nuclear weapons is:

- In Pakistan, the nuclear thinking is dominated by the military, the notion that it is a 'political' weapon is a difficult one for the military to accept, as it looks at nuclear weapons simply as a weapon.
- Pakistan being a weaker conventional military power, it is rational to expect their doctrine what it is.
- India takes the role of nuclear weapon as a deterrence against threat or use of nuclear weapons and not as a deterrence against every single attack on us, whereas, Pakistan starts talking about the full scale deterrence i.e. tactical deterrence, operational deterrence and strategic deterrence as a whole. Pakistan wants to use nuclear weapon as a deterrence to every single kind of security

threat against it is facing and in doing so it obviously ignores the nature of nuclear weapons and therefore makes it irrational.

Gurmeet Kanwal: As TNWs are extremely destabilising, Indian diplomacy should ensure that international pressure is brought to bear on Pakistan to eliminate TNWs from its nuclear arsenal. A sustained campaign needs to be mounted by strategic analysts, scholars and academics to apprise the policy community and the public of the risks associated with TNWs.

China Policy: We also ignore the China angle completely. Even if we don't intend to use first nuclear weapons against China, why give them the assurance?

Ultimately, whatever be our doctrine, nuclear weapons can be only used in cases of rare circumstances when the National survival itself is at stake, which obviously is difficult to happen in the modern world. So, we must keep Nuclear weapons as a deterrence and not play a "Pakistan" to China. Rather, we should focus on building our conventional military power.

Shiv Shankar Menon in his book '*Choices: Inside the Making of India's Foreign Policy*' writes: "There is a potential grey area as to when India would use nuclear weapons first against another NWS (nuclear weapons state). Circumstances are conceivable in which India might find it useful to strike first, for instance, against a NWS that had declared it would certainly use its weapons, and if India were certain that adversary's launch was imminent."

Manoj Joshi article

- **Rear Admiral Raja Menon:** "Eventually, I believe your arsenal will dictate your doctrine... In 1998, we didn't have the technological capability to dictate a "First Use" policy as it lacked credibility. But even if the 'no first use' was appropriate, was it the wise thing to proclaim it? When we needed the US Nuclear deal or now the NSG membership, it sounds appropriate but not so is the case when we deal with our adversaries like Pakistan." India's NFU is "not so much a strategic choice, but a cultural one."
- In a speech in 2010, the then NSA, **Shivshankar Menon**, stated that India's doctrine is "**no first use against non-nuclear weapon states**," implying that NFU does not apply to nuclear-armed powers.

Conclusion:

- Any shift in India's doctrine cannot be based on Pakistan's actions and neither will such a shift's consequences remain confined to the Islamabad-New Delhi dyad.
- While India should not change its NFU Policy, but considering there are scientific and technological developments that take place, security environments evolve and change, we should perhaps have a kind of review of our nuclear doctrine once a decade or so, as the last time we articulated our nuclear doctrine was way back in 2003. And obviously NFU would be a part of the overall Nuclear doctrine.
- A **routinized periodic review** should be inbuilt into the system but restraints per se, is the preferred mode in the nuclear matters.

ii.) CREDIBLE MINIMUM DETERRENCE (CMD)

The successful test-firing of the **long-range ballistic missile Agni-V** for the fourth time is a significant step towards building a credible nuclear deterrence. With this test and the recent commissioning of the indigenously built **nuclear submarine INS Arihant**, India is inching towards creating a robust and world-class second-strike capability. This was the fourth test of the Agni-V missile, but the second from a canister mounted on a road mobile launcher. With the four tests, Agni-V is now ready for induction into

the Strategic Forces Command, which already operates other Agni missiles with a target range from 700 km to 4,000 km, besides Prithvi-II.

Amb. Jayant Prasad: It should be changed **from CMD to Minimum Credible Deterrence**.

- India's longest-range ballistic missile, **Agni-V**, will be inducted into the nuclear arsenal very soon.
- The submarine-based nuclear arsenal, which assures second strike capability in the face of the proclaimed NFU policy, is taking shape.

Moderates and expansionists disagree about how many weapons are necessary, as well as about India's progress in weaponization.

Moderates:

- **K. Subrahmanyam:** **Credibility is a function of how well command and control functions**; "from the political level to the implementing level" that demonstrates its "survivability under the worst conditions of decapitation attack." What matters is not so much the "exchange ratio" of damage suffered by both sides, but how much punishment an adversary calculates that it can accept. This level of punishment is achievable "so long as India has a survivable retaliatory force." All India has to worry about is maintaining an assured capability for counterstrike.
- **Rajesh Basrur:** CMD fits well within India's overall strategic culture, pointing to reports that the Indian nuclear weapons are kept unassembled and undeployed—a physical arrangement close to virtual deterrence.

Expansionists:

- **Brahma Chellaney:** India needs ICBMs to "underpin its doctrine of minimum but credible deterrence." Relying on long-range bombers, he says, "is antithetical to a credible deterrence posture." **Chellaney** worries that Indian leaders might not maintain even the CMD, especially given what he and others considered were "concessions" that the Indian government made to Washington for the US-India nuclear deal.
- **Bharat Karnad** has argued that the idea of CMD, at least as visualized by the National Security Advisory Board (NSAB) in the Draft Nuclear Doctrine (DND), was an elastic concept that sanctioned "sizable and progressively more modern nuclear forces."
- **Karnad** disagrees with the very notion of "minimum" nuclear deterrence, which he **calls "a real military liability."** **Karnad** visualizes a much grander role for nuclear weapons in India's rise as a great power. He argues that "a relatively large and robust nuclear deterrent . . . would lead to a genuinely independent strategic role for India". A "megaton thermonuclear-ICBM" will also permit India to "stare down" China and deter China from seeking a military confrontation.
- **Ambassador Satish Chandra**, has argued that maintaining the credibility of India's threat of "unacceptable damage" requires that the size of India's nuclear arsenal be a function of its threat perceptions, **suggesting that size has to be open-ended and not fixed.** In light of long-standing China-Pakistan collusion, India should seek a capability sufficient to inflict "unacceptable damage on both Pakistan and China".

iii.) **NUCLEAR DETERRENCE OF CBW USE**

- The Indian nuclear doctrine leaves Indian decision makers the option of using nuclear weapons to retaliate against **CBW use**, something which was not considered in the DND. The declaration is that India reserves the right to nuclear retaliation "in the event of a major attack against India, or Indian forces anywhere, by biological or chemical weapons". The question of degree, as in "**major attack**", only further muddies these already murky waters.

- 1992 Chemical Weapons Convention: Despite being banned, chemical weapons have not gone away. They have cropped up frequently in **Syria and Iraq**, where their recent use has been attributed to the **ISIS**. The **murder of Kim Jong-Nam**, half-brother of Kim Jong-Un, the North Korean Supreme Leader. Quite simply, there is a fairly strong norm governing the non-use of nuclear weapons; the norm against the use of chemical and biological weapons is still coalescing.
 - March 2018: Britain has accused Russia of poisoning the former Russian agent Skripals with Novichok — a nerve agent developed by the Soviet military during the Cold War — in what is the first known offensive use of such a chemical weapon on European soil since World War II.
 - July 2018: Two British citizens are critically ill after they were exposed to **Novichok**, the same nerve agent that struck down a former Russian agent and his daughter in March 2018.
- Some moderates such as **Manpreet Sethi** disagree with this expansion, arguing that this did not work in the case of the US, and it “hardly makes the Indian nuclear deterrent more credible.”.
- **Expansionists** argue that nuclear retaliation for CBW attack is simply leaving an option open since India has given up its CBW capacity.

iv.) **MASSIVE RETALIATION**

- One of the rare areas of agreement between the moderates and the expansionists is over India’s threat of massive retaliation to any nuclear attack. Most analysts in both camps fear the threat to be empty. Some argue that India should consider substituting “punitive” for “massive” in the doctrine.
- Indian nuclear doctrine could be modified from “massive” retaliation to “modulated” retaliation to leave options for the level of response that India could consider in response to any nuclear attack, giving it the flexibility to consider a proportional or proportional-plus retaliation.

v.) **COMMAND AND CONTROL**

- The nuclear doctrine mentions a few details about command-and-control issues, but the main point it makes is that the political leadership will determine how to employ the nuclear deterrent. There is little disagreement on this score, but moderates and expansionists disagree about how centralized India’s nuclear command-and-control structure should be.
- To many critics of the Indian nuclear doctrine, especially those within the military, India’s nuclear operational capacity is doubtful because the Indian nuclear doctrine leaves the military out of the decision making loop.
- Even India’s “de-alerted” and “de-mated” nuclear posture, which moderates see as a great virtue, is severely criticized by former military officers and expansionists.
 - Expansionists such as **Karnad** argue that a de-mated posture elongates the logistics chain and increases the number of potential targets, rendering the delivery system or warhead inoperable if even one of the targets is hit.
 - It also makes the nuclear force vulnerable while these weapons are being readied for operation, a process that he expected would take days, weeks, or months.
 - Moreover, the additional time would be used by global powers to pressure India into settling for some “symbolic” token retaliation.
 - **Karnad** also dismisses other presumed benefits of a de-alerted and de-mated nuclear force, such as the greater safety of such a force and its reduced vulnerability to theft and inadvertent use or misuse. He suggests that it is easier to protect fewer mated weapons than a large number of distributed components, and that the Indian military has a good record of protecting its hardware.

- Several **sub issues** within the command-and-control debate, such as **Admiral Menon** identifies the **lack of a chief of defence staff** as a serious lacuna.
- One major weakness - India uncomfortably depends on imported integrated circuits (ICs) for its command and control systems, even though domestic chips have been used in missiles and satellites. In an era where there is considerable worry that foreign origin chips may contain “kill switches” or other means of cyber intrusion, it is important for the country to ensure that its nuclear command and control system is fool-proof on this front.
 - For a robust defence set-up, India ideally needs to have critical systems that are entirely designed and fabricated in India especially with regard to our military and space-related equipment.

vi.) Other issues: TERRORISM AND TNWs

- Former diplomat **Arundhati Ghose** argued that, **while the military option should not be closed, bilateral and multilateral diplomacy has to be the first option**.
- On Pakistan’s reported move to deploy TNWs, there is a general consensus that counter-deployment of Indian TNWs provides no answer. Even expansionists such as **Karnad** dismiss concerns that Pakistan might escalate a conventional war to the nuclear level saying that “the actual possibility of use of nuclear weapons, tactical or strategic, is near zero.”

CONCLUSION AND IMPLICATIONS

- There is a near consensus in the Indian strategic community that India’s nuclear doctrine **needs to be periodically reexamined**. If a new edition of the doctrine does come out, it will hopefully correct some of the errors and contradictions in the previous edition, thereby strengthening the doctrine as a whole.

Manoj Joshi (Feb. 2018): Donald Trump’s review could help India nuance its nuclear doctrine.

In the draft nuclear doctrine of 1998 the formulation was “punitive retaliation with nuclear weapons to inflict unacceptable damage to the aggressor”. Returning to it is one option, but with a careful nuance to ensure India does not shift to a posture of “nuclear wear fighting.” This calls for new concepts and possibly a newer generation of weapons.

There are other options a US shift may open up. Primary being that if the US breaks the test ban, India can test its thermonuclear weapon which fizzled out in Pokhran in 1998. Of course, this would torpedo the Indo-US nuclear deal, but Trump could be open to renegotiating it. Another option that low-yield weapons can give India is in following the new US strategy suggesting possible use to respond to a non-nuclear attack on critical infrastructure. So far India has not addressed the problem of a catastrophic attack on power grids and telephone networks. But it’s not too late to think about it now.

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India and non-proliferation export control regimes

Amb. Rakesh Sood - Over the years, there has been an evolution in India’s policy towards non-proliferation-related export controls and the associated regimes. During the Cold War, India considered itself a target; beginning in the 1990s, its policy began to shift in keeping with economic liberalisation at home and changing global perceptions about the threat of proliferation. India’s nuclear weapon tests in 1998 gave it political space to claim credit for its impeccable non-proliferation record and gain acceptance as a responsible nuclear power. The exceptional waiver granted by the Nuclear Suppliers

Group in 2008 encouraged India to move towards seeking membership in all four export control regimes.

NSG Membership: (Shyam Saran; The Big Picture)

- The 48-nation group frames and implements agreed rules for exporting nuclear equipment, with a view to controlling the spread of nuclear weapons; members are admitted only by consensus. India's goal for membership since the India-U.S. Civil Nuclear Agreement was signed in 2008.
- Since the NSG is an informal grouping consisting of participating governments (PGs) and not member states, it has set out five 'factors for considering' applications (Not mandatory criteria) of prospective PGs.
 - the ability to supply items on NSG control lists;
 - acting in accordance with NSG guidelines;
 - a legally based export control system;
 - support international non-proliferation efforts; and finally,
 - membership of treaties like the NPT that require full-scope safeguards.

However, these are not mandatory criteria but factors for consideration.

- **What India gains in being part of NSG?**
 - In practical terms, Indians are not in the export market for nuclear materials, in that sense we don't have much to lose.
 - **NSG Exemptions:** Under Indo-US Nuclear Deal, NSG has given exemptions to India, so there is no restriction on trade as such also.
 - **Strategic/Symbolic terms:** India enters these bodies of global governance as an emerging power.
 - It would give India a voice in the future amendment processes in NSG guidelines.
 - India's NSG exemptions would get more formalised by being a member (a country based exemption would no longer be needed and would formalise the NSG rules as well). e.g. in June 2011 NSG plenary amendments introducing NPT requirements in exporting of Enrichment and Reprocessing Technology (ENR) where either India was not consulted, or, our protests were ignored or discounted.
 - NSG doesn't gain much by India's membership either, because India since its nuclear history is not a proliferating country. So, they aren't worried that if India is not admitted, it will start proliferating. It would only be tying up the loose ends, since proliferation issues will be important in the coming years.
- **Beijing wants NSG entry to be "norm-based"** — in other words, whatever rules govern Indian entry should apply to others too.
 - Norm-based entry would, presumably, help Pakistan gain entry, something many in the NSG are certain to resist because of the country's record as a proliferator of nuclear-weapons technology to Iran, Libya and North Korea.
 - China maintains that
 - an exception for India would weaken the non-proliferation rules;
 - since there is Pakistan's application too, a criterion-based approach should be developed; and finally,
 - nothing should be done in hurry that would upset the South Asian balance.
 - The first argument is designed to appeal to some of the smaller countries who had resisted in 2008; **China's real objective is to delay India's joining, keep it hyphenated with Pakistan and restricted to South Asia.**
 - **China joined the NSG in 2004**; at that stage it had two power reactor projects in Pakistan, Chashma I and II, of 325 MW and 340 MW capacity, respectively. Chashma I was already

operational and Chashma II went online in 2011. After the India-U.S. agreement was announced in 2005, China declared that it would also be building new reactors in Pakistan. Since this was a clear violation of NSG guidelines (Pakistan does not enjoy a similar exception like India got in 2008), China 'grandfathered' the announcement by citing an earlier commitment that it had omitted to mention in 2004! A contract for Chashma III and IV was signed in 2009 and an announcement for Chashma V made in 2013. Given its proliferation record, Pakistan is unlikely to obtain nuclear cooperation from other NSG members but China would find Pakistan a useful ally in the NSG.

- Why doesn't Pakistan want India in?
 - Concerns about India's military nuclear programme. Thus, **Pakistan says**, the move to give India NSG membership is **fuelling a nuclear arms race**.
 - But this **argument falls apart because Pakistan is resolutely opposed to** a key international agreement called the **Fissile Material Cut-Off Treaty (FMCT)**, which would cap the military nuclear stockpiles of all countries. The FMCT ought to put an end to Pakistan's fears, but Islamabad has refused to sign.
 - Also, **Pakistan is not ready to join the NSG**.
 - It has not separated its military and civilian nuclear programmes;
 - safeguard agreements with the IAEA for its civilian programme are yet to be negotiated; and
 - accession to the Additional Protocol is pending.
- Backings from major countries: **U.S., Russia, Germany, the U.K., Australia, Switzerland and Mexico**.

Our push for NSG membership in 2016 is often considered as an international "setback" for India by some analysts, given that a lot of Public Diplomacy was carried out even by PM Modi and we didn't receive the membership. **How necessary was it for us to push for NSG membership in 2016, knowing that the consensus was not achieved as against during the 2008 NSG waiver?**

Dr. S. Jaishankar's response.

It wasn't just NSG. Then, you could ask, do we really have to push for the UNSC membership or do we have to push for anything at all in foreign policy? I think if the objective is to go upwards in the ladder, which most people with reasonable ambition and aspiration have, you kind of want to move to have greater influence. Certainly the NSG among other bodies could be seen as part of what global management is about. So, if you want join the management, it's one of the things you do.

- The NSG has been tightening the rules, for e.g. on Enrichment and Reprocessing Technologies (E&R). The later we enter the NSG, we are going to enter in a tighter and tighter situation.
- It isn't just the technology rules. NSG is a great policy making hub, information clearing hub. It kind of monitors the entire industry in a sense. So, it's like you have decided to be in the waiting room, while the industry is doing its annual plenary gathering. If some people feel we should stay in the waiting room, they are welcome to it. I, at least feel, it's may be time that we enter the drawing room.

Why 2016 and onwards go differently from 2008?

- Barack Obama was not George W Bush.
- The US after the 2008 economic crisis is not the US of the old. The US-China equations changed. What George Bush could do with Hu Jintao, Barack Obama couldn't do with Xi Jinping.
- Chinese, to some extent, learnt the lessons of 2008, which was that they didn't wait to be smoked out in the end. They came in early.

- The shift in Chinese positions was important, because, the Chinese were signalling very differently before the actual meeting. Why that shift happened is a little bit complicated.

Missile Technology Control Regime (MTCR) membership:

- Established in April 1987, it is a voluntary association of 35 countries (after including India) and 4 “unilateral adherents” that follow its rules: Israel, Romania, Slovakia, Macedonia.
- **US policy:** members that are not recognised nuclear-weapon states must eliminate or forgo ballistic missiles able to deliver a 500 kg payload at least 300 km. US **exceptions:**
 - in 1998 for **Ukraine**, permitting it to retain Scud missiles and,
 - in October 2012, **South Korea** was allowed to keep ballistic missiles with an 800-km range and 500-kg payload that could target all of North Korea.
- For India, the US seems to have waived these terms, allowing it retain its missile arsenal.
- **India joined as a member in June 2016.**
- **What India gains by being a member?**
 - MTCR guidelines prohibit its members from transfer, sale or joint production of missiles **beyond 300-km range** with countries outside the club.
 - **New Delhi and Moscow** deciding to jointly develop a new generation of **Brahmos missiles with 600 km-plus range** and an ability to hit protected targets with **pinpoint accuracy**. This range enables these missiles to strike anywhere within Pakistan. That Russia can work with India to produce these missiles is thanks to New Delhi joining the MTCR in June 2016.
 - **US laws** require when a non-MTCR country transfers missile to a non-MTCR country (e.g. **India exporting Brahmos missile to Vietnam**), both the entities (in India's case ISRO and DRDO both) would be **sanctioned**. However if the transfer is from an MTCR country to a non-MTCR country, neither will be sanctioned.
 - **Gains to ISRO:** India joined MTCR in June 2016, and thanks to that, **New Delhi has access to high-end testing technology for its solid rocket booster propulsion system, which fires up the first stage of the PSLV**. Testing this system was a slow process until now with limited technology access. Many key components to upgrade the technology were in controlled items lists under MTCR due to their dual military use. Faster testing of the solid rocket booster means the period between two launches is reduced. In 2016, India did six PSLV launches — twice the number in 2015. Overall, ISRO launches 8-12 big satellites in a year. The plan is to raise this to 18-24 in the coming years.
- **China applied for MTCR in 2004**, but has been **denied entry** because of **suspicion** that some companies in the country are secretly supplying technology to **North Korea**.
- **Access to missile tech:**
 - MTCR regulates nuclear proliferation by **restricting export of missiles** carrying more than “**500-kilogramme payload with a range of at least 300 km**”, as well as “**unmanned aerial vehicles (UAV) with mass destruction capabilities**”, is expected **to clear the way for India to export high-tech missiles and purchase hardware like the U.S. Predator drones**.
 - India hopes its MTCR membership will be one more reason for the US to consider exporting **Category 1 UAVs, Reaper and Global Hawk**, which have been key to counter-terrorism efforts in Afghanistan, Pakistan, Somalia and Yemen. These drones have so far been sold to only one country, the UK, though unarmed versions have also been made available to Italy and South Korea.

Other non-proliferation export control regimes (not treaty based but ad hoc groupings of like-minded countries):

- **Australian Group** (set up to control exports of **chemical and biological agents**)
- **Wassenaar arrangements (WA)** (covering exports of **conventional arms and dual-use goods and technologies**) next.
- **India joined** in June 2016 the **Hague control (HCOC)** export control regime (to prevent the proliferation of **ballistic missiles**, 138 members, Pak-China are not members)

India becomes member of Wassenaar Arrangements (WA) (Dec. 2017)

Ramifications for India ([The Hindu](#))

- to raise New Delhi's stature in the field of non-proliferation besides helping it acquire critical technologies
- expected to build up a strong case for India's entry into the NSG
- Significantly, **China is not a member of the Wassenaar Arrangement**.

Critics see WA simply as a Cold War instrument with a different name. According to them Arrangement perpetuates a digital divide by restricting western companies and governments from supplying crucial technologies to emerging markets. Computer scientists and policy analysts have also expressed concern about developed economies using less developed countries as Guinea Pigs for their cyber security research by supplying them with intrusive technologies that could be used for mass surveillance.

Amb. Rakesh Sood - Joining WA is India's latest step in the quest for the responsible nuclear power tag. The basic objective of WA is to contribute to regional and international peace and stability by promoting transparency and greater responsibility in transfers of conventional arms and dual use goods and technologies thereby preventing destabilising acquisitions or acquisitions by non-state actors.

Unlike nuclear and space technologies, which were developed by governments for military use, the new ICT and related technologies like encryption, blockchain systems, surveillance and big data analytics have been developed by the private sector and found early applications in the commercial world. This makes export regulation of dual use technology items both necessary and also complex.

India becomes member of the Australian Group

The cooperative and voluntary group of countries working to counter the spread of materials, equipment and technologies that could contribute to the development or acquisition of CBW by states or terrorist groups.

Coordination of national export control measures assists Australia Group participants to fulfil their obligations under the Chemical Weapons Convention and the Biological and Toxin Weapons Convention to the fullest extent possible.

According to India's ambassador to UN Conference on Disarmament, Amandeep Singh Gill, membership would help "strengthen supply chain security in the dynamic industry fields of biotechnology and chemicals", along with meeting non-proliferation objectives. Place in AG will strengthen case for NSG membership.

NPT and CTBT

India and the NPT After 50 Years - Jayita Sarkar & Sumit Ganguly (June 2018)

Why did India not sign the NPT in 1968? What immediate and subsequent impact did that have on the NPT? What role did security interests, domestic politics and prestige play in India's decision?

Between 1968 and 1975-76, the fate of the NPT was far from certain: Would the key countries sign the Treaty? Would the signatories actually ratify the Treaty? What could the superpowers do to persuade or possibly coerce countries to accede to the Treaty? The situation was unpredictable. India's decision to not sign the Treaty stood out because the refusal came from a nonaligned developing country dependent on superpowers for economic, technological, and military aid.

The "grand bargain" of the treaty — enshrined in Articles II and IV — requires countries to give up any present or future plans to build nuclear weapons in return for access to peaceful uses of nuclear energy.

Maintaining a degree of political autonomy has driven independent India's foreign policy choices. Major decisions that New Delhi took in the nuclear realm are representative of that. The grand bargain of NPT — Article II for Article IV — was certainly going to restrict India's policy options. Given the security environment at the international and regional levels, Prime Minister Indira Gandhi and her advisers could not consent to it.

The multi-capital tour that Indian policymakers conducted requesting nuclear security guarantees prior to the refusal to sign the NPT served the purpose of generating public support for the government decision. But the quest for freedom of action in an uncertain regional strategic environment and an asymmetric international system dominated by superpowers and China drove India to not sign the NPT and hedge, and to conduct the 1974 test.

Why 1974 "peaceful nuclear explosion" (PNE)?

Perceived security threats from Pakistan and Pakistan's ally China, on the one hand, and from the United States, on the other (U.S. inaction in 1965 war and active support for Pakistan in the 1971 war are cases in point) provide a strong security-driven rationale for the 1974 "peaceful nuclear explosion" (PNE).

The demonstration of a nuclear weapons capability in the 1974 explosion guaranteed New Delhi's ability to effectively hedge in an asymmetric international system, and a regional strategic environment where New Delhi felt largely cornered. Moscow's extension of "friendship" was helpful for New Delhi to balance Washington and Beijing but the fear of a Brezhnev doctrine for Asia loomed large in the background. In other words, Indian policymakers grappled with how to effectively use Moscow's support for New Delhi without losing its autonomy and freedom of action. A nuclear explosion that was unforeseen by both the superpowers was an effective means to accomplish this.

What was perhaps the major reason why India objected to the CTBT Treaty? - Amb. Arundhati Ghose

- The issue of **non-inclusion of any serious commitment by the five NPT-recognized nuclear weapon States to take substantive steps to nuclear disarmament.**
 - Many doubted our sincerity in espousing the cause, perhaps because while there were declarations at the highest levels there were no developments on the ground, for example,

- through serious enquiry into how nuclear disarmament would or could be implemented,
- what measures needed to be taken to prevent clandestine weapons manufacture, and
- perhaps because India had always simultaneously insisted on keeping her nuclear weapon option open.
- India's endeavour was to elicit a public and legally binding commitment by the nuclear weapon States to move decisively towards nuclear disarmament.
- **The discriminatory nature of the existing nuclear regime.**
 - In 1970 NPT accepted China as a nuclear weapon State, even after India had protested during the negotiations of the NPT that India faced the threat of nuclear blackmail from that country.
 - in 1971 and later information regarding Sino-Pak collaboration on the building up the latter's arsenal.
 - China conducted a nuclear test on its Lop Nor test site for Pakistan
- At the CTBT negotiations India presented amendments for a 'time-bound commitment for nuclear disarmament' which we could have accepted in any one of the substantive Articles. Ultimately, the G-21 countries' discomfort with the opposition to nuclear disarmament led to the acceptance of a vague formulation, but only in the Preamble of the Treaty.
- The indefinite extension of the NPT had sent a message to India and other members of the G-21 that the P-5 would not accept any meaningful reference to nuclear disarmament in the Treaty, bringing India closer to her decision to protect her security with a weapons programme.

Why the CTBT Remains an Elusive Goal - Rakesh Sood

Former Ambassador and PM's special envoy for disarmament and non-proliferation, **Rakesh Sood** argues that "*the reason for the CTBT's elusiveness is that during negotiations, some key states sought to convert the treaty into more of an instrument of non-proliferation, rather than a first step towards ending the nuclear arms race. In the process, international legal norms were violated*".

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The Treaty on the prohibition of nuclear weapons (TPNW), 2017

The TPNW includes a comprehensive set of prohibitions on participating in any nuclear weapon activities. These include:

- Undertakings not to develop, test, produce, acquire, possess, stockpile, use or threaten to use nuclear weapons.
- Prohibits the deployment of nuclear weapons on national territory and the provision of assistance to any State in the conduct of prohibited activities. States parties will be obliged to prevent and suppress any activity prohibited under the TPNW undertaken by persons or on territory under its jurisdiction or control.
- Obliges States parties to provide adequate assistance to individuals affected by the use or testing of nuclear weapons, as well as to take necessary and appropriate measure of environmental remediation in areas under its jurisdiction or control contaminated as a result of activities related to the testing or use of nuclear weapons.

The Treaty on the Prohibition of Nuclear Weapons was adopted by 122 States (with one vote against and one abstention) at the United Nations on 7 July 2017, and declared open for signature by the Secretary-General of the United Nations on 20 September 2017.

India's response on not joining the Treaty to ban nuclear weapons:

- India continues to attach priority to and remains committed to **universal, non-discriminatory** and **verifiable nuclear disarmament**...India believes that this Treaty in no way constitutes or contributes to the development of any customary international law.
- India reiterates its commitment to the goal of a nuclear weapon free world. India believes that this goal can be achieved through a step-by-step process underwritten by a universal commitment and an agreed global and non-discriminatory multilateral framework.
- In this regard, India supports the commencement of negotiations on a **comprehensive Nuclear Weapons Convention in the Conference on Disarmament**, which is the world's single multilateral disarmament negotiation forum working on the basis of consensus.

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20 Years of Shakti Tests at Pokhran (May 1998)

PM Vajpayee **Letter** (11th May, 1998) to President Bill Clinton on the Nuclear Testing explained the **rationale for the tests**.

"I have been deeply concerned at the deteriorating security environment, specially the nuclear environment, faced by India for some years past. We have an overt nuclear weapon state [China] on our borders, a state which committed armed aggression against India in 1962. Although our relations with that country have improved in the last decade or so, an atmosphere of distrust persists mainly due to the unresolved border problem. To add to the distrust that country has materially helped another neighbour of ours to become a covert nuclear weapons state [Pakistan]. At the hands of this bitter neighbor we have suffered three aggressions in the last 50 years. And for the last ten years we have been the victim of unremitting terrorism and militancy sponsored by it in several parts of our country, specially Punjab and Jammu & Kashmir. Fortunately, the faith of the people in our democratic system as also their patriotism has enabled India to counter the activities of the terrorists and militants aided and abetted from abroad."

Pokhran nuclear tests: Two decades later (May 2018)

Several global powers reacted to Pokhran-II with fury; however, the permanent members of the UNSC were divided. The US, China, and the UK were critical of India's nuclear tests, but Russia and France — and even Britain — were not in favour of sanctions. Australia, Canada, Germany, Japan, and Sweden joined the Americans in imposing sanctions. But India's diplomatic leadership were able to exploit the divisions in the international community to take India out of the winter.

President Bill Clinton, as security studies expert **Rudra Chaudhuri** says in his *Forged in Crisis: India and the United States since 1947*, "soon came to accept that the tests had been largely inevitable". By the late 1990s, notes **Shivshankar Menon** in *Choices*, India was faced with a situation in which two neighbours with whom it had fought wars, Pakistan and China, already had nuclear weapons, and were working together to build their capabilities and proliferate them in Asia. By conducting the tests, India was able to insulate itself from nuclear threats and blackmail.

"The nuclear tests in May 1998 may have retarded India's relationship with the US and the West somewhat, but by the turn of the century, its relations with the US and the West had begun to crystallise into a mutually beneficial and substantive relationship," former Foreign Secretary **Shyam Saran** wrote in his book, *How India Sees the World*.

The rapprochement with the US began as early as on June 12, 1998, with the Jaswant Singh-Strobe Talbott talks — 14 rounds in 10 locations in seven countries (Chaudhuri, Forged in Crisis) — and went on to culminate in the Indo-US nuclear deal (between 2005 and 2008). The waiver at the NSG in September 2008, pushed by the US and the entire western world, including those who had advocated sanctions after Pokhran-II, was a clear testament to New Delhi's strategic calculation having been spot-on.

"Just seven years after India's nuclear tests, which the US had roundly condemned, it was not only recognising India's de facto status as a nuclear weapons state but was ready to overturn the non-proliferation regime to enable India to participate in international civil nuclear energy commerce," Saran, who was the PM's Special Envoy on the Indo-US nuclear deal, wrote in *How India Sees the World*.

India is now a member of three out of four multilateral export control regimes — MTCR, Wassenaar Arrangement, Australia Group — and is in the reckoning for membership of the NSG. Pokhran-II gave India the strategic space to manoeuvre at the world stage, and to showcase its international behaviour on the rules-based system, even without being part of the Nuclear Non-Proliferation Treaty.

Dhruva Jaishankar (May 2018)

Preparations of the test site at Pokhran began in August 1995. The context didn't give India much of a choice. In 1995, an indefinite extension of the Nuclear Non-Proliferation Treaty (NPT) was proposed, along with a Comprehensive Test Ban Treaty (CTBT). In 1996, the US also watered down proliferation sanctions on Pakistan.

The U.S. spelled out five criteria for lifting sanctions: sign CTBT, freeze fissile material production, limit ballistic missile development, adopt international standard export controls, and resume dialogue with Pakistan, including on J&K.

India, led by Vajpayee and Jaswant Singh, cleverly played for time, realising that market access would erode sanctions. Within 6 months, US legislation was amended by Congress. The Europeans, led by France and Italy, also advocated for a lower threshold in the G8. After the U.S. Senate rejected the CTBT in October 1999, Clinton spoke to Vajpayee about the prospect of visiting India in 2000, and remaining sanctions were waived by the end of the month. Others followed, including the Japanese PM in 2000. While the US made five clear demands in 1998, India only really accepted one (export controls). In return, not only were sanctions lifted but India's nuclear arsenal was later mainstreamed (2005-08). Many lessons for negotiating strategies. Hats off to Jaswant Singh & Co.

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10 years after India-US nuclear deal (Aug 2018)

The signing of the India-US nuclear deal remains one of the most defining moments in India's foreign policy. Ten years after the lifting of nuclear strictures, former Foreign Secretaries Shyam Saran and Dr. S. Jaishankar who played pivotal roles in negotiating the agreement analysed how it has changed India's position in the world order.

Shyam Saran: While recognizing the advantages of the agreement, he also acknowledged that no new nuclear power plants could be built post the signing of the agreement with the US. The problems with the liability insurance and the change in public perception after Fukushima nuclear disaster were among the important reasons that contributed to it.

What are the gains? - India has long-term fuel supply agreements with a dozen countries because of which nuclear fuel will not be a constraint in the foreseeable future. "There is a stake in India's strength and success which was previously too ambiguous," he stated.

Dr S Jaishankar in his opening remarks said, "There cannot be a sharper example of radical events in foreign affairs than the nuclear deal." He opined that the signing of the nuclear deal should be seen as a process and not as an event.

Throwing light on India's strategic situation at that point, he said, the country was trying to recover from three great errors:

- 1) The error of partition
- 2) The error of economics and
- 3) The error of nuclear power - Had India pushed its nuclear status in 1950s like how China did, it wouldn't have missed the bus in 1967. The world did not welcome India after the 1974 nuclear tests. The subsequent management of consequences, growing acceptance and membership of export control regimes are all part of the process.

Dwelling on the implications of the nuclear deal, he said, "It has opened up defence cooperation; It changed the character of India-US relationship; It has importantly differentiated India and Pakistan in the eyes of the world and it has helped change India's image in the world and added on to its image as a responsible power."

He listed out five big takeaways from the nuclear deal.

- 1) The period between 2005-08 is a great example of India leveraging another power;
- 2) When there is an important diplomatic window, don't miss it;
- 3) In such matters, it is important to be single minded for national interests;
- 4) Don't get upset if foreign policy becomes politicized and
- 5) New Normals very rapidly become normal.

C Uday Bhaskar: India and the US were seen as "estranged democracies" and the situation changed only after the signing of nuclear deal.

Vision of a new World Order

PM Modi: India's "strategic intent" was shaped by the "civilisational ethos" of यथार्थवाद (realism), सह-अस्तित्व (coexistence), सहयोग (cooperation) and सहभागिता (partnership)".

India's World View (Amb. Shyam Saran, Book - "How India Sees the World" (2017))

India is heir to a very rich and sophisticated tradition of statecraft and diplomatic practice, and this legacy continues to shape its current strategic culture and diplomatic behaviour. Studying the **Jambudvipa mandala** from our ancient texts, one is struck by the fact that it does not ascribe centrality and superiority to **Bharatavarsha**, which is only one among the lotus petals that make up our universe. This is the reverse of the Chinese world view, which sees the Han core as the most advanced and civilized. India will never have a 'middle kingdom complex'. It accept a world in which there are other **dvipa** or islands with their own characteristics and values. One can relate this to India's advocacy for a **multipolarity** in the contemporary context.

The Indian Subcontinent and the eastern and western reaches of the Indian Ocean surrounding it are reflected in the **Jambudvipa** as a single, interconnected geopolitical and geo-economic unit with a common history. Along with Independence came **partition in 1947**. The challenge for India is to transcend the political divisions in the subcontinent to restore its cohesiveness and make its borders increasingly irrelevant, drawing upon the enduring sources of affinity.

One can thus derive that India will reach out along the very same remembered pathways traced by history - extending to the eastern and western reaches of the Indian Ocean and to the Central Asian neighbourhood to the north and west - as its economic and security capabilities expand.

Shaping the Emerging World Order and India's Role (by Shyam Saran)

In his celebrated poem, 'The Passing of Arthur', the poet **Alfred Tennyson** writes the following lines when the dying King Arthur is set on the royal barge to take him to the nether world:

*The old order changeth yielding place to new/
And God fulfils himself in many ways/
Lest one good custom should corrupt the world.*

There is little doubt that the world today is at an inflection point, when the old and familiar order is crumbling but it is not clear what it is yielding place to. If history is any guide new order will emerge. The question is whether this will be born from the ashes of a debilitating war or through a gradual process of adjustment.

World Order from Peace of Westphalia (1648) to the Global Financial and Economic crisis of 2007-08

The modern state system on which an international order is built originated in the **Peace of Westphalia** which brought a debilitating thirty-year war in Europe to a close in **1648**. It inaugurated a European order based on the concepts of political sovereignty and territorial integrity of independent states and,

as a consequence, a **multipolar order** held together by a set of agreed rules of the game and a balance of power among its participants.

An attempt by any country to upset the balance and seek dominance would trigger responses from other players to restore the equilibrium of power. And this is how the system operated in subsequent decades.

After Westphalia the concept of European order received a further elaboration at the **Congress of Vienna** convened in 1815. The objective of the Congress was to restore peace in Europe by constructing a new balance among the major powers after another bout of nearly continuous warfare for almost 25 years due to French Revolution and the Napoleonic wars.

The Congress of Vienna may be regarded as a maturation of the concept of multipolar order, with the development of a more elaborate set of rules of engagement among sovereign states.

The Congress was followed by a series of regular meetings amongst its main participants, which became known as the **Concert of Europe** inaugurating the age of multilateral diplomacy. The Concert of Europe created the template which led to the setting up of the League of Nations after the First World War which may be considered the early precursor of the UN established in 1945 after the Second World War.

The US emerged from the ravages of the war as the most powerful economic and military power. It helped create multilateral institutions like the UN, the World Bank, the International Monetary Fund and the GATT but ensured that these were dominated by the West. The UN label was useful in its interventions in countries far and near but unilateralism would often be resorted to if the label was not forthcoming.

It was not until the collapse of the Soviet Union in 1990 and the end of the Cold War that the US and the West in general would enjoy a brief unipolar interlude. During this interlude which lasted up until the global financial and economic crisis of 2007-08, the US was a true hegemonic power which could set aside the established multilateral structures and processes and ignore the Westphalian norms in the pursuit of an interventionist strategy dictated by its own intent. Other powers had to acquiesce either by choice or compulsion. It is this interlude which is coming to an end.

It is in Asia that the new world order is likely to be shaped.

Over the past three decades and more, the Asia-Pacific region has replaced the Atlantic as the centre of gravity of the global economy.

- Asia is home to the second and third largest economies in the world, namely, China and Japan.
- In PPP terms India is already the 3rd largest economy in the world although it still lags behind at 6th place in nominal terms. India is likely to become the 5th largest economy in nominal terms overtaking Britain next year.
- In addition there are other substantial economies in South Korea, Australia, Taiwan and the ASEAN countries as a whole.
- This cluster of major Asian powers also deploys a formidable array of security capabilities, in particular maritime capabilities, though still modest in comparison to US military presence in the region.
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- At a time when the economies of the US and Western Europe continue to be sluggish, Asia has in India and China two of the fastest growing large economies in the world. They are likely to remain the key growth drivers of the global economy.
- The major powers in Asia have managed to sustain relative political stability and social cohesion and this, too, enables them to, exert expanding influence on both regional and global affairs.

What kind of regional order is likely to emerge in Asia given these trends?

The answer to this question is important because the shape of the regional order in Asia will greatly influence the new global order precisely because Asia has now emerged as a key fulcrum of power in the world. There can be no multipolar world order without a multipolar Asia. An Asian hegemon will inevitably aspire to global hegemony.

- The US continues to be the most formidable military power in Asia. However, its economic profile in the region has diminished even as China's has grown.
- However, the Chinese economy is slowing as has been the case with every major economy in history. A simple linear projection of China's current growth rate into the future may not be realistic.
- China also remains a brittle polity and the rising insecurity within its political leadership sits uneasily with overweening arrogance of power. Its historical insularity is at odds with the cosmopolitanism that the densely interconnected contemporary world demands of any aspiring global power.

We are, in reality, neither in a China-centric Asia nor in a world destined to become China-centric. China may continue to expand its economic and military capabilities and may even become the most powerful country in the world but the world which is emerging will still be populated by a number of substantial powers both old and new. This includes Asia.

What lessons does the history of the world since the birth of the Westphalian state system hold for us?

A stable world order needs a careful balance between power and legitimacy; and legitimacy is upheld when states, no matter how powerful, observe the various established norms of behaviour and codes of conduct and act through institutions which have been accumulated and put in place over the past four centuries , layer by layer.

The Westphalian system by its very nature is multipolar in character and is based on the assumption that any attempt by a state or a group of states to gain hegemony will always invite countervailing action by other states in the system and in, extreme cases, war.

- This what happened when Napoleon tried to bring the whole of Europe under French domination. The Napoleonic Wars ended with the restoration of balance at the Congress of Vienna.
- The balance was again sought to be upset by an ascendant Germany and this led to two debilitating world wars.
- In our own time, the period of US hegemony from 1990 to 2007-08, when the global financial and economic crisis broke out, reducing the West to prolonged and debilitating stagnation and psychological pessimism, lasted only for a generation.

Hegemony often leads to hubris which in turn leads to overextension and then to exhaustion and sometimes war through miscalculation.

The long period of European peace between the Congress of Vienna in 1815 up until the outbreak of the First World War in 1914 shows that as long as all key actors generally observe mutually agreed rules of interstate relations and norms of state behaviour a stable order can be maintained.

Why the contemporary world needs a multipolar order?

- Most of the challenges we confront as an interconnected and interdependent world are cross-cutting in character and global in dimension.
- These include global warming, health, pandemics, cybercrime, drug trafficking, proliferation of WMDs and international terrorism among others. They are often cross-domain in nature with strong feedback loops.
- The emergence of new technologies with an even greater global reach and penetration makes such international collaboration a compulsion today rather than a choice. A hegemonic order can constrain other states; it will rarely be able to promote collaborative action which can be effective only if based on consent and consultation, not coercion.

Neither the Chinese version of national rejuvenation nor American hopes of revivalism are realistic, precisely because the diffusion of economic and military power and the horizontal and accelerated spread of scientific knowledge and technology point to what author **Thomas Friedman** has called the **Flat World!**

A China-US condominium is possible especially if there is some understanding, even if temporary, over their respective spheres of influence. China may be ready to accept a US-dominated Western hemisphere if it is conceded power over Asia-Pacific and Central Asia. This is what several US and even Chinese analysts suggest for avoiding the so-called Thucydides trap.

This is also the essence of what China calls the 'new type of great power relations' between China and the US in order to avoid the Thucydides trap. But by its very nature it will be unstable as there will remain zone of contestation between China and the US, and each will seek uncontested dominance.

Even during the Cold War, neither superpower was able to fully control its respective allies, and this can happen with more tragic results in the unsettled world today.

As a substantial and growing power itself, it is unlikely that India will accept junior league status in a Chinese-centric world. Therefore China faces the same dilemma as other emerging powers in history: what Bismarck referred to as *le cauchemar des coalitions* or the nightmare of coalitions. There will always be a countervailing coalition to constrain a rising power.

What kind of World Order is most aligned with India's interests?

- It is evident that for India it is a multipolar order which will be most aligned with its interests. It is an emerging power which seeks to expand its own room for manoeuvre unconstrained by either a latter-day hegemon or a return to a bipolar system dominated by two major powers.
- Its developmental challenges need a supportive, peaceful and stable international environment. Therefore India's best interests are served by its assistance in shaping a multipolar order with the support of other major powers.
- It should not hesitate in promoting and participating in a countervailing coalition to constrain any aspiring hegemon even while it expands its own economic and military capabilities.

But this cannot be the whole of India's story. India possesses the civilizational attributes which could contribute to the success of a new international order attuned to contemporary realities. Its culture is innately cosmopolitan; it embraces vast diversity and plurality and yet has an underlying sense of being part of a common humanity.

World in flux: India's choices may help manage disruptions ([Samir Saran](#), Jan. 2018)

Foreign Secretary [S. Jaishankar](#) articulated four key disruptions:

- i. Rise of **China**;
- ii. Choices, Posture and Behaviour of the **United States**;
- iii. Implications of "**non-market**" economics;
 - Complete control over industry by the party-state, and utilisation of markets to maximise state power and legitimacy with disregard for corporate independence form the essence of "capitalism with Chinese characteristics."
 - The advent of non-market economics and the rise of the Beijing Consensus may mark the end of a golden age of entrepreneurship, and the free flow of ideas and technology which flourished under transparent free markets for nearly three decades.
- iv. **Terrorism from governed spaces.**
 - When states use terrorism as an instrument of state policy, especially under a nuclear umbrella or the protection of sophisticated firepower, a comprehensive approach towards regional and global security becomes arduous.
 - Again, the fact that China seeks to curry favour with such states — as it has with Pakistan — and intends to build parochial relationships with these actors significantly muddies the waters.

The political and cultural arrangements states and communities arrive at will be heavily implicated by the **one major transition** Dr. S. Jaishankar identified: that a rule based order is no longer limited to the developed world.

- The shifting balance of power, from the Atlantic system to the Indo-Pacific, will determine the future of the 21st century. The old order is expressing its limitations through both policy and posture. The new order, however, is far from being clear.

A part of the solution to these disruptions and transition is called "**INDIA**".

- A vibrant democracy, a flourishing multicultural society, a rapidly growing economy and increasingly confident on the global high table, the choices India will make implicate the future of our world.
- The remaining answers will be found in the partnerships it chooses, the success of its economic journey and the narrative it ultimately frames around its rise.

Amb Rajiv Sikri

A new balance of power is emerging, though its contours keep shifting. Where does India fit in this changing balance of power? India is undoubtedly very strategically located at the crossroads of Asia where five 'arcs' intersect. These are:

- i. The 'arc of growth and prosperity,' extending from India through South East Asia to East Asia;
- ii. The 'arc of instability and turbulence' to India's west extending from Pakistan to Afghanistan, the Persian Gulf, and the Arab world;
- iii. The 'arc of energy' extending from the Persian Gulf through the Caspian Sea to Russia's Siberian and Arctic regions;

- iv. The 'arc of communications' comprising the trade and energy SLoCs in the northern Indian Ocean region (IOR);
- v. The 'arc of uncertainty,' north of India, encompassing Nepal, Tibet, Xinjiang, and the Central Asian countries.

In the current shifting kaleidoscope, India is seeking to develop a new paradigm for India's foreign policy where India would not be a mere 'balancer' or 'swing state' but a 'leading state' that seeks a place at the global high table. This will not be easy, since power is never given, always taken. It will have to be ready to take risks and at times pursue conflicting goals. Many other countries will work to keep India down. That is why India must leverage its strengths, have diversified foreign policy options, and remain alert and flexible.

Shivshankar Menon, Book: "Choices: Inside the Making of India's Foreign Policy" (2016)

I have no doubt that China wishes to be number one in the world. As patriotic Chinese, convinced that China was number one in the world order until the aberration of the last two centuries, it is natural that Chinese leaders will try to rake the place of the United States as world superpower.

I do believe that "speak softly and carry a big stick" is likely to be a more productive policy for India to mobilize in dealing with the consequences of China's rise and the changes we see around us. Like China itself, and every other successful rising power in history, India too should follow a variant of Deng's Twenty-Four-Character strategy, or of the policies expounded in George Washington's farewell address, a Bismarckian policy rather than the vainglorious temptations that led Kaiser Wilhem II stray. As **Bhishma** said in his advice to kings while dying on his bed of arrows, "He who is silent secures the following of others; the restrained one enjoys everything in life."

At the risk of disappointing those who call on India to be a "responsible" power - meaning they want us to do what they wish - and at the risk of disappointing Indians who like to dream of India as an old-fashioned superpower, I would only say, as Indira Gandhi once said, "India will be a different power" and will continue to walk its own path in the world. That is the only responsible way for us.

Henry Kissinger, Book: World Order (2014)

Britain's policy based the security of India on the British naval supremacy in the Indian Ocean; on friendly, or at least nonthreatening, regimes as far-flung as Singapore and Aden; and on a non-hostile regime at the Khyber Pass and the Himalayas. Contemporary analogues to these policies have been taken over as key elements of foreign policy of post-independence India.

They amount to a regional order for South Asia, whose lynchpin would be India, and the opposition of any country's attempts, regardless of its domestic structure, to achieve a threatening concentration of power in the neighbouring territories.

India's role in world order is complicated by structural factors related to its founding. Among the most complex will be its relations related to its closest neighbours, particularly Pakistan, Bangladesh, Afghanistan, and China. No successor state has accepted the boundaries of the 1947 partition of the subcontinent in full. Treated as provisional by one party or another, the disputed borders have ever since been the cause of sporadic communal violence, military clashes, and terrorist infiltration.

Today India pursues a foreign policy in many ways similar to the quest of the former British Raj as it seeks to base a regional order on a balance of power in an arc stretching halfway across the world, from

the Middle East to Singapore, and then north to Afghanistan. Its relations with China, Japan and Southeast Asia follow a pattern akin to the 19th century European equilibrium.

With India, Japan and China all led by strong and strategically oriented administrations, the scope both for intensified rivalries and for potential bold resolutions will expand.

In any of these evolutions, India will be a fulcrum of 21st century order: an indispensable element, based on its geography, resources, and tradition of sophisticated leadership, in the strategic and ideological evolution of the regions and the concepts of order at whose intersection it stands.

What is an Asian Regional Order?

- Under contemporary conditions, essentially two balance of power are emerging: one in South Asia, the other in East Asia. Neither possesses the characteristic integral to the European balance of power: a balancer, a country capable of establishing an equilibrium by shifting its weight to the weaker side.

David Malone - Book: Does the Elephant Dance?

On Global burden-sharing: Now that India is, on the strength of its economic successes, taken quite seriously by other major global players, it will need to grapple with whether, when, how and in what proportions it can and wants to share global burdens.

Given the recent splintering of international relations into a genuinely multipolar system, India will likely organize its multilateral and even some of its bilateral diplomacy in years ahead through issue driven ad hoc coalitions and in some cases evanescent grouping of countries. While seeking to advance its interests and increase its influence globally, it is likely to continue to engage in a 'hedging strategy' as between other significant powers.

At the strategic level, India is not yet a particularly significant player beyond its own neighbourhood. International experts view only the Indian Navy as having developed both a strategy and the political support and resources to implement it in expanding India's global reach.

Time and history are on India's side as it struggles to recover from several centuries of foreign domination and its consequence. Its re-emergence, particularly if it manages its significant domestic challenges with success, will be one of the major shifts of the 21st century.

Muchkund Dubey - Working for a New World Order (Book: India's Foreign Policy: Coping with the Changing World)

An important aim of any country, including that of India, is to contribute to world peace and prosperity and play an active role in the establishment of a just, fair and equitable world order.

The world order continues to remain unjust, inequitable and unfair to the interests of the overwhelming majority of nations of the world. It continues to serve interests of the dominant powers and works inexorably against those of the weaker nations. The former group of countries are determined to maintain the status quo in the existing world order and resort to any means, including the use of force, to achieve this purpose.

It is in India's self-interest as well as its moral obligation to actively work for changing the status quo and establishing a new world order. India should not be diverted from this task by the temptation of sitting at the high table and being prematurely proclaimed as a major economic power. For, India is still at the receiving end of the present world order and is likely to remain so for quite some time to come in the foreseeable future.

The new paradigm on which the international system should be based is democratic and dynamic multilateralism, essentially underpinned by the UN. There is a feeling that if the decision-making process in the UN, particularly in the Security Council, is not democratized, any strengthening of the organization would prove counterproductive from the point of view of developing countries like India. The strengthened UN would be used mainly against these countries, which are more vulnerable than the permanent members and their allies. Given its bilateral problems with its neighbours, India would be particularly vulnerable to interventions by the UN.

This is one of the reasons why among the proposals for strengthening the UN, India has been almost exclusively preoccupied with the issue of the expansion of the membership of the Security Council, including an increase in the number of permanent members, as a step toward democratizing the decision-making process.

Anirban Ganguly, Book: The Modi Doctrine (2016), Chapter - Modi and India's Civilisational Quest

Panchamrit has clearly emerged as the new supporting pillar of India's foreign policy under PM Modi. 'Samman-dignity and honour; Samvad-greater engagement and dialogue; Samriddhi-shared prosperity; Suraksha-regional and global security; and Sanskriti evam Sabhyata-cultural and civilisational linkages' are the five themes.

In the current evolving geopolitical arrangement, India aspires and is working hard to emerge as a defining pole in an increasingly multi-polar world.

PM Modi has reinforced and percolated the image of India as a responsible rising power that seeks to lead through the strength of its ageless wisdom that had once radiated across most of the civilised world.