

Evolution of Present Day Nepal:

From 1846-1951, Rana dynasty ruled Nepal, reducing the Shah monarchy to a figurehead. PM and other positions were held by Ranas hereditarily. The **1951 Democracy movement** brought power back to the King with the overthrow of Ranas and King Tribhuvan was reinstated as the Head of the State. In early 1959, Tribhuvan's son King Mahendra issued a new constitution, and the first democratic elections for a national assembly were held. The Nepali Congress Party was victorious and their leader, Bishweshwar Prasad Koirala formed a government and served as prime minister. In 1959, King declared NC as corrupt, removed it from power and subsequently installed a party-less Panchayat system. After many years of struggle when the political parties were banned, they finally mustered enough courage to start a People's Movement in 1990. Paving way for democracy, the then-King Birendra accepted constitutional reforms and established a multiparty parliament with King as the Head of State and an executive Prime Minister. But in February 1996, the Maoist parties declared People's War against monarchy and the elected government.

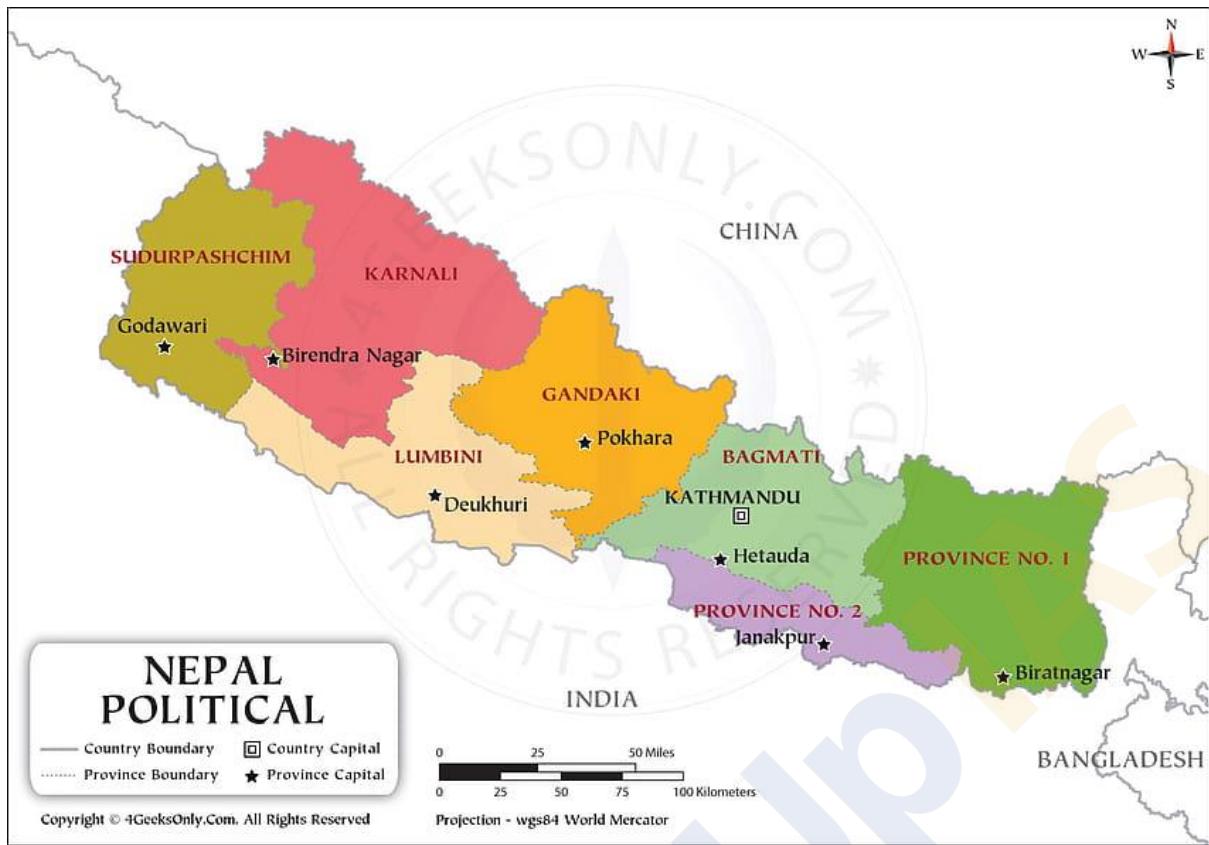
In February 2005, King Gyanendra dismissed Nepal's government and declared a state of emergency on the ground that the leaders had failed to restore peace or hold elections. In April 2006, another People's Movement was launched jointly by the democratic parties focusing most energy in Kathmandu which led to a 19-day curfew. Eventually, King Gyanendra relinquished his power and reinstated the Parliament. On November 21, 2006, Prime Minister Girija Prasad Koirala and Maoist chairman Prachanda signed the **Comprehensive Peace Agreement (CPA) 2006**, committing to democracy and peace for the progress of the country and people. A Constituent Assembly election was held on April 10, 2008. On May 28, 2008, the newly elected Constituent Assembly declared Nepal a Federal Democratic Republic, abolishing the 240 year-old monarchy.

After the devastating earthquakes in April 2015, political parties showed urgency to expedite the constitution writing so that focus could be diverted to post-disaster reconstruction afterwards. The new constitution of Nepal was promulgated through an overwhelming majority of the votes of CA members on September 20, 2015.

India's concerns about Nepal's constitution:

Just days before formal adoption of the constitution, India's the then Foreign Secretary S Jaishankar went to Nepal. News outlets reported that he pressed the Nepalese government to delay the adoption of the constitution and hold discussions with political groups opposed to it. After adoption, India stated that it "noted" the promulgation. India also expressed concerns about situation in several parts of Nepal bordering India.

Tarai population mainly the Madeshis and the Tharu ethnic minorities expressed concern that the proposed boundaries of the new provinces could lead to their political marginalisation. There were also concerns related to citizenship. However, the citizenship law has been amended to address the concerns.



Present Provincial Map of Nepal



Map demanded by Madhesi and Tharus

Significance of Nepal

1. Buffer state between India and China
2. Investment in hydroelectric power to achieve Paris climate goals.
3. Cooperation over flood control in northern regions of Uttar Pradesh and Bihar.
4. Avenues for investment and Economic Cooperation
5. Common security threats and threats of climate change.
6. Cultural and civilizational linkages and people to people relations

India Nepal Relations:

- The **India-Nepal Treaty of Peace and Friendship 1950** forms the bedrock of the special relations that exist between India and Nepal.
- Nepalese citizens avail facilities and opportunities on par with Indian citizens in accordance with the provisions of the Treaty. Nearly 8 million Nepalese citizens live and work in India.
- The close cooperation between two nations expands across all domains. The relation has also been called as "**Beti-Roti ka naata.**"

Economic Cooperation:

- Total bilateral trade is **more than \$8 billion** With Nepal's exports to India around \$500 million. Huge deficit is a matter of resentment among Nepalese political elite and common people.
- India is Nepal's largest trade partner and the largest source of total foreign investments (China has been the largest source of FDI in Nepal from 2015 onward).
- Indian firms are among the largest investors in Nepal, accounting for more than 30% of the total approved foreign direct investments. But in 2019, China accounted for approximately 40% of new FDIs against India's 30%.
- For many small and medium Nepali businesses, it is now easier to trade with China because of the rules like GST, delay at border check posts etc. have made it harder to do business with India.
- In 2019, China accounted for approximately 40% of new FDIs against India's 30%.

Recent Steps:

1. Nepal permitted to sell power to India through its exchange. This would ensure better price realization.
2. Nepal and India have agreed to amend the bilateral transit treaty in a bid to boost trade and connectivity.
3. Integrated Check Posts (ICPs) at borders to systematize the movement of cargo trucks.

Defence Cooperation:

1. Surya Kiran joint military exercise.
2. Since 1950, India and Nepal have been awarding each other's Army Chief with the honorary rank of General in recognition of the mutual harmonious relationship between the two armies.
3. The Gorkha regiments of the Indian Army are raised partly by recruitment from hill districts of Nepal. Currently, about 32,000 Gorkha Soldiers from Nepal are serving in the Indian Army.
4. India has been assisting the Nepal Army (NA) in its modernisation by supplying equipment and providing training. Assistance during disasters, joint military exercises, adventure activities and bilateral visits are other aspects of India's defence cooperation with Nepal.

Energy Cooperation:

1. India and Nepal have a Power Exchange Agreement since 1971 for meeting the power requirements in the border areas of the two countries. India currently exports 600 MW of power to Nepal.
2. **Motihari Amlekhgunj pipeline** for export of petroleum products pipeline.
3. **Mahakali Treaty** concerning the integrated development of the Mahakali River, which included Sarada barrage, Tanakpur barrage and Pancheshwar Dam Project
4. Sapta-Kosi High Dam Project and SUN Kosi storage cum diversion scheme.
5. **Arun III project** (Joint development), largest India- funded project to supply electricity to Nepal and India has been completed within time by SJVN. Thus, Arun-IV has been awarded to same company.

Note: Nepal has the potential to generate at least 40,000 MW of hydroelectricity, but its current production is only 1,000 MW. The current demand stands at 1,200 MW

Challenges with hydro-power cooperation:

- Nepal constitution has provision that any treaty or agreement with another country on natural resources will require parliamentary ratification by at least two-third majority.
- Delay on part of India in executing Mahakali project and Upper Karnali project.
- Skepticism among the common population about exploitation of Nepal's water resources without due benefit to Nepal.

Challenges in the relationship:

1. **India Nepal Treaty of peace and friendship 1950:** It was signed between unequal powers was seen as insult to Nepal. It is seen as affront to Nepal sovereignty. Nepal has asked for revision of the treaty India has agreed to the revision. However, little movement has been made in this direction.
2. Nepalese nationalism transcending to Anti-India sentiment.

3. Concerns about market access and freedom to trade with 3rd nation.
4. Concern about exploitation of Nepal's water resources.
5. Concerns about interference in Nepal's internal affairs
6. India as a punching bag in Nepal's internal politics
7. Nepal's communist regime and their proximity to China.
8. Unequal treatment of terai population vis-a-vis hill elite.
9. Protests against Indian projects and delay in project clearance.
10. Nepal's new Map, where it has included three districts of India.

Suggestions:

1. Revising treaty of peace and friendship 1950 on the lines of Bhutan.
2. Diplomatic negotiations for peaceful resolution of disputes
3. Giving priority to economic dimension by expediting investment and project clearance.
4. Going for institutional cooperation

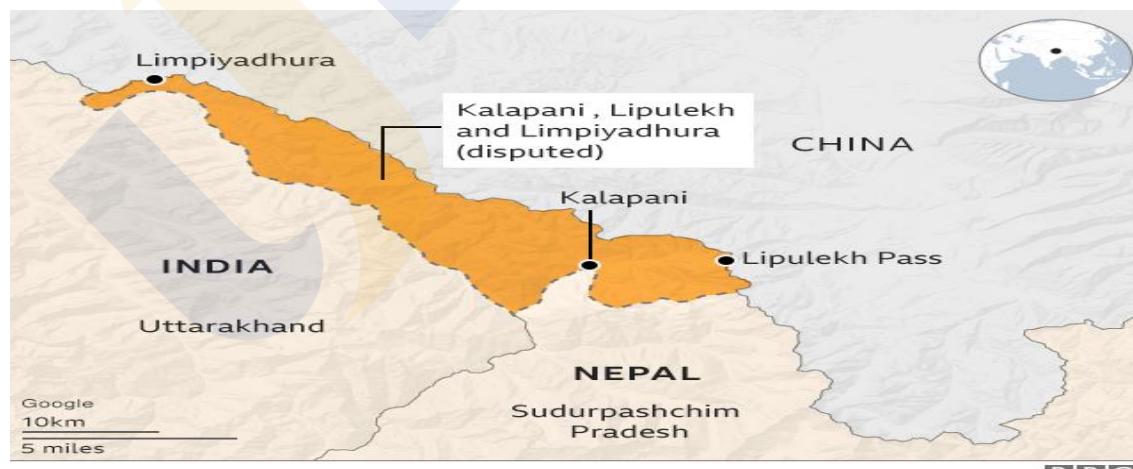
Territorial disputes between India and Nepal:

Currently, India and Nepal have border disputes over Kalapani - Limpiyadhura - Lipulekh trijunction between India-Nepal and China and Susta area (West Champaran district, Bihar).

Kalapani Dispute:

The discrepancy in locating the source of the Kali River led to boundary disputes between India and Nepal, with each country producing maps supporting their own claims. Both India and Nepal claim Kalapani an integral part of their territory. India as part of Uttarakhand's Pithoragarh district and Nepal as part of Dharchula district. In the new map, Nepal has expanded its claim upto Limpiyadhura.

Nepal has released a new political map that claims Kalapani, Limpiyadhura and Lipulekh of Uttarakhand as part of Nepal's territory.



The **Treaty of Sugauli** signed by the Kingdom of Nepal and British India (after Anglo-Nepalese War) in 1816 located the Kali River as Nepal's western boundary with India. Both

India and Nepal claim Kalapani as integral part of their territory. India as part of Pithoragarh district in Uttarakhand and Nepal as part of Dharchula district. In the new map, Nepal has extended this claim up to Limpiyadhura.

Constitutional amendment Bill changing Nepal's map has been passed by both houses and signed by the president. Thus, making it a law and difficult to amend. India has rejected the map, saying it is not based on historical facts or evidence.

Nepal's Stand:

- Kali river originates from a stream at Limpiyadhura, north-west of Lipu Lekh. Thus Kalapani, and Limpiyadhura, and Lipu Lekh, fall to the east of the river and are part of Nepal's Dharchula district.
- The territory of Kalapani was offered to India by King Mahendra after the 1962 India-China war who wanted to help India's security concerns due to perceived lingering Chinese threats.

India's stand:

- Kali river originates in springs well below the Lipu-lekh pass, and the Sugauli Treaty does not demarcate the area north of these streams.
- The administrative and revenue records of the nineteenth century also show that Kalapani was on the Indian side, and counted as part of Pithoragarh district of Uttarakhand.

Views of experts:

- Nepal's deliberate effort to make the Lipu-Lekh Pass a disputed tri-junction (between India-China and Nepal) in which Nepal has an equal share.
- India perceives Nepal to be tilting towards China under the leadership of Prime Minister K P Oli and his Nepal Communist Party.

Susta Region: The change of course by the Gandak river is the main reason for disputes in the Susta area.

PM Modi Visit to Nepal in May 2023:

- Fifth visit of PM Modi since 2014.
- Launched the construction of the **India International Centre for Buddhist Culture and Heritage** in the Lumbini.
- India has offered to set up a satellite campus of the Indian Institute of Technology (IIT) in Rupandehi
- Agreement to jointly develop Arun 4 project.
- Nepal also invited Indian companies to invest in **West Seti hydro power project**, after Chinese withdrawal, the project to be given to India.

Nepal China Relations

Importance of Nepal for China:

1. Nepal's territory is not used by Tibetan dissidents.
2. Expanding its reach to the South Asia and encircling India
3. Exploiting Nepal's market, its resources and its manpower for Chinese economy
4. Nepal forms part of **China's five finger and palm vision** about Tibetan plateau, that China needs to control.

Importance of China for Nepal:

- Playing China card to balance and extract more benefits from India.
- Source of investment and alternate route for connecting with the outside world.

Recent events in Nepal-China Relations:

- In recent times, China has become biggest investor in Nepal, replacing India.
- The two sides have already concluded trade and transit agreements, and Nepal is eyeing connections with the Chinese market and oil refineries as well as the global supply chain via Chinese ports: Tianjin seaport to the east, Central Asia to west and beyond.
- In 2017, Nepal signed the framework for nine projects under the Chinese Belt and Road Initiative (BRI). The projects have been trimmed down from 39. Even after five years, BRI projects are nowhere on the horizon.
- China has abandoned West Seti hydro power project, that has been taken up by India.

China's border encroachment: There has been news of illegal encroachment by China along the Northern borders of Nepal. This has increased scepticism about China in Nepal.

In November 2020, Nepali politicians claimed China had annexed more than 150 hectares of Nepal land in Humla district. The Nepali government in September 2021 formed a team to study the claim. A leaked government report confirmed the accusation. Also, as per a survey document issued by the Ministry of Agriculture, China encroached on 36 hectares of Nepal's land at 10 places on the northern border.

India Bhutan Relations

Bhutan is the most stable relationship in the neighbourhood. It is the largest beneficiary of India's foreign aid.

On August 9, 1949, Bhutan and India signed the **Treaty of Friendship**, calling for peace between the two nations and non-interference in each other's internal affairs. However, Bhutan agreed to let India "guide" its foreign policy and both nations would consult each other closely on foreign and defence affairs.

The occupation of Tibet by Communist China brought both nations even closer. In 1958, the then-Indian Prime Minister Jawaharlal Nehru visited Bhutan and reiterated India's support for Bhutan's independence and later declared in the Indian Parliament that any aggression against Bhutan would be seen as aggression against India.

From 2003 to 2004, the Royal Bhutanese Army conducted operations against anti-India insurgents of the **United Liberation Front of Assam (ULFA)** that were operating bases in Bhutan and using its territory to carry out attacks on Indian soil.

India re-negotiated the 1949 treaty with Bhutan and signed a **new treaty of friendship in 2007**. The new treaty replaced the provision requiring Bhutan to take India's guidance on foreign policy with broader sovereignty and not require Bhutan to obtain India's permission over arms imports.

A 2,000 strong Indian Military Training Team (IMTRAT) is permanently based in western Bhutan to train the Royal Bhutan Army, while other units regularly cooperate with the Royal Bhutan Army.

Importance:

1. Most reliable neighbour
2. Critical to safety and security of the northeast
3. Buffer against China
4. Investment opportunity and source for renewable energy
5. Ideal model for relationship between a big and small neighbouring country.

Economic Relations: Bilateral Trade – **\$1.4 billion (2021-22)**. Accounts for 80% of Bhutan's overall trade. In November 2021, the Indian government opened seven new trade routes for Bhutan's bilateral and transit trade with India, new market access was provided for allowing the formal export of 12 agri-products from Bhutan to India, and various special exceptions/quotas for export are also provided.

Development Partnership: India has been extending economic assistance to Bhutan's socio-economic development since the early 1960s. For Bhutan's 12th Five-year plan, India has contributed Rs. 4500 crores, 73% of Bhutan's total external grant component.

Hydroelectric Cooperation: Revenue from hydropower constitute significant portion of total revenue of the government for Bhutan. Four hydro-electric projects (HEPs) totalling **2136 MW** are already operational in Bhutan and supplying electricity to India. Two HEPs namely, 1200 MW Punatsangchhu-I, 1020 MW Punatsangchhu-II in Inter-Governmental mode are under various stages of implementation.

Doklam Crisis:

Doklam is an area with a high plateau and a valley, lying between China's Chumbi Valley to the north, Bhutan's Ha District to the east and India's Sikkim state to the west. It has been

depicted as part of Bhutan in the Bhutanese maps since 1961, but it is also claimed by China. In June 2017, China attempted to extend a road on Doklam plateau southwards near Doka La pass, but Indian troops prevented further road construction.

China- Bhutan Border dispute:

Bhutan shares a 477 KM long border with China. The dispute is mainly along three areas. In the North- Pasamlung and Jakarlung valleys. In the west-Doklam plateau. In 2020, China made new claims to the Bhutan's east in Sakteng Wildlife Sanctuary.



Although, Bhutan does not have a formal diplomatic relation with China, the country began its first border negotiations with China in 1984. To date, both countries have held 11 expert group meetings and 25 rounds of border negotiations. In October 2021, Bhutan and China signed an MoU on the Three-Step Roadmap for Expediting the China-Bhutan Boundary Negotiations. The three-step roadmap has still not been made public.

In 1990s, China had pushed for a packaged deal with China getting control of disputed areas in Bhutan's West in return for Bhutan securing its claim along the northern border. The proposal is concerning for India given the strategic importance of Doklam and its proximity to the Siliguri corridor.

India-Maldives relations

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. In 1988, under Operation Cactus, India helped the Maldives government in neutralizing a coup attempt by People Liberation Organisation of Tamil Eelam (PLOTE) mercenaries.

Importance

1. Safety of sea lines of communication
2. Security to India's maritime trade as nearly 50% of India's external trade and 80% of her energy imports transit the westward SLOCs in the Arabian Sea.
3. Tackling Chinese designs in the Indian Ocean region
4. Preventing radicalization
5. Opportunity for investment

Economic Cooperation:

- In 2021, India emerged as third largest trade partner with bilateral trade crossing \$300 million.
- With Maldives being a tourism-dependent economy, Indian tourists remain the leading source with 14.1% market share.

Infrastructure Development: Greater Malé Connectivity Project (GMCP)- \$500 million investment, largest ever by India in Male that will connect Male with three neighbouring islands.

Security Cooperation:

- Defence line of credit worth \$50 million to facilitate capacity building in the maritime domain.
- Joint working group on counter terrorism, countering violent extremism and deradicalization.
- **Colombo security conclave** on maritime security involving India, Maldives and Sri Lanka to cover four areas of marine security, human trafficking, counter terrorism and cyber security.

Disaster Management:

- During 2014 drinking water crisis in Male, India rushed assistance under "**Operation Neer.**"
- During **Covid-19 pandemic**, Maldives has been the biggest beneficiary of the Covid-19 assistance given by India among its all of India's neighbouring countries.

Capacity Building and Training:

Capacity building and skills development is one of the key components of India's assistance to Maldives. India offers several scholarships to Maldivian students under schemes like ICCR scholarships, ITEC training & scholarships, medical scholarships etc.

Economic concerns:

- **Chinese debt:** \$1.4 Billion in a \$5 billion economy.
- FTA with China in 2017 made China the biggest trade partner of Maldives. This has resulted in increasing trade deficit and drain of foreign exchange. Earlier India was the biggest trade partner.

Challenges:

- Increasing economic dependence on China might limit India's options in Maldives.
- Increasing radicalisation in Maldives poses significant challenges to India as well as sea-lanes-of-communication.
- Anti-India sentiment within a section of Maldives population is another challenge in democratic Maldives.

The relations between the two countries have waxed and waned with the change of regime in Maldives. While relations were strained under the pro-China regime of their former President Abdulla Yameen, it improved under President Ibrahim Solih who affirmed to "**India First policy**". Later on, '**India Out**' campaign was launched in Maldives, led by Abdulla Yameen, against India's massive developmental funding for creating physical, social and community infrastructure, and incumbent President Solih's government retaining two India-gifted helicopters and their operational military personnel.

The new President **Mohamed Muizzu** had made removal of Indian forces from Maldivian soil as an election plank. As he took office, he has asked India to remove 77 military personnel and has promised to ensure that there won't be foreign military presence on Maldivian soil. He has also said about scrutinizing Indian projects in Maldives.

India's Military presence in Maldives: The presence includes two teams of 24 and 26 Indian security personnel assigned to a pair of helicopters, along with 25 personnel assigned to a Dornier aircraft -- all of whom reportedly enjoyed diplomatic immunity.

Suggestions:

- Quiet diplomacy to address the concerns of present regime.
- Economic investment in Maldives to present India as an option beyond China to Maldives.
- Going for third party cooperation with like-minded nations like Japan.
- Need to remain engaged politically, institutionally and strengthening track-II diplomacy for addressing Anti-India sentiments.
- Capacity building in the fields of climate change mitigation, local administration, employment generation etc.

India's Neighbourhood

India's neighbourhood has remained central to its foreign policy since 'No nation can become a genuine power in the world arena.' Nehru took a broad view of India's neighbours and placed them within a larger Asian context. Iran, Russia, and Central Asia were among India's strategic neighbours at that time. Due to its interest in Tibet and Xinjiang, China became India's new neighbour at the same time in 1950–1951.

During the Indira Gandhi era, India's foreign policy was far more focused on regional issues in South Asia than it had been on the preceding two decades of independence. She became assertive in regard to the handling of the Indian neighbourhood, which we saw in the form of creation of Bangladesh and Sikkim's inclusion in India. Similar approach can be seen during Rajiv Gandhi era with intervention in Sri Lanka.

Inder Kumar Gujral attempted to redefine India's neighbourhood policy by adding a 'big brother responsibility' flavour to it. The **Gujral Doctrine** is a set of five principles laid out to guide the conduct of India's diplomatic relations with its near neighbours.

Key principles of the Gujral Doctrine:

- Respect the geographical integrity and sovereignty of each South Asian nation.
- Prohibit the use of a nation's territory to harm another in the region.
- Forbid interference in the internal affairs of other nations.
- Resolve differences through friendly bilateral discussions.
- India practices giving accommodations in good faith to neighbors like Bangladesh, Bhutan, the Maldives, Nepal, and Sri Lanka, fostering trust.

Since coming of PM Modi in 2014, India launched **Neighbourhood First Policy** by first inviting all heads of state from South Asia to his oath-taking ceremony.

- Under its 'Neighbourhood First' policy, India is committed to developing friendly and mutually beneficial relations with all its neighbours.
- The policy focuses on creating mutually beneficial, people-oriented, regional frameworks for stability and prosperity.
- India's engagement with these countries is based on a consultative, non-reciprocal and outcome-oriented approach, which focuses on delivering benefits like greater connectivity, improved infrastructure, stronger development cooperation in various sectors area, security and broader people-to-people contacts.

SAARC

The South Asian Association for Regional Cooperation (SAARC) is the regional intergovernmental organisation in South Asia. Its member states are Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

Origin of SAARC:

In the ending years of the 1970s, the seven South Asian nations that included Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka, agreed upon the creation of a trade bloc and to provide a platform for the people of South Asia to work together in a spirit of friendship, trust, and understanding. Later on, Bangladesh Prime Minister **Ziaur Rahman** and King **Birendra of Nepal** also gave calls for closer cooperation among the South Asian nations.

The rapidly deteriorating security scenario after USSR intervention in Afghanistan pushed for the nations to accelerate the efforts. Initially India was sceptical as it saw Ziaur Rahman's proposal as an opportunity for the smaller neighbours to re-internationalize all bilateral issues and to join with each other to form an opposition against India. Pakistan assumed that it might be an Indian strategy to organize the other South Asian countries against Pakistan and ensure a regional market for Indian products, thereby consolidating and further strengthening India's economic dominance in the region.

Initially only five broader areas of cooperation namely, Agriculture; Rural Development; Telecommunications; Meteorology; and Health and Population Activities were launched under the Integrated Programme of Action (IPA) of SAARC.

SAARC was founded in Dhaka on **8 December 1985**. Its secretariat is based in Kathmandu, Nepal. The organisation promotes development of economic and regional integration. In 2005, Afghanistan applied for the membership. SAARC member states imposed a stipulation for Afghanistan to hold a general election, which were held in late 2005. Afghanistan joined SAARC as its eighth member state in April 2007.

Observers at SAARC: Currently nine Observers 1. Australia 2. China 3. European Union 4. Iran 5. Japan 6. South Korea 7. Mauritius 8. Myanmar and 9. USA. There is a moratorium on the admission of new Observers to SAARC at present.

SAARC comprises 3% of the world's area, 21% of the world's population and 4.21% (US\$3.67 trillion) of the global economy, as of 2019. SAARC has an observer status at the United Nations.

Objectives of SAARC:

- To promote the welfare of the peoples of South Asia and to improve their quality of life;

- To accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potentials;
- To promote and strengthen collective self-reliance among the countries of South Asia;
- To contribute to mutual trust, understanding and appreciation of one another's problems;
- To promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields; to strengthen cooperation with other developing countries;
- To strengthen cooperation among themselves in international forums on matters of common interests; and
- To cooperate with international and regional organizations with similar aims and purposes.

Decisions at all levels are to be taken on the basis of unanimity; and bilateral and contentious issues are excluded from the deliberations of the Association.

Relevance of SAARC:

- It provides a platform for the regional countries to meet and discuss issues confronting the region.
- The smaller countries of the region can play a visible role by setting regional agenda in spite of 'big India's' presence.
- It has helped in expanding areas of cooperation that require collective regional effort, including certain non-traditional issues like terrorism, drug smuggling, etc.
- Meeting of leaders on the side-lines of the SAARC summits have often helped in ironing out bilateral differences.

Achievements of SAARC:

1. **SAARC Agreement on Trade in Services (SATIS):** SATIS adheres to the GATS-plus "positive list" strategy for liberalizing trade in services. It has been ratified by all members and has entered into force on 29th Nov. 2012. All SAARC nations except Pakistan have provided with their Final Offer Lists under SATIS.
2. **SAARC Energy Ministers Meeting** held in Colombo in January 2009 led to constitution of Expert Groups on (i) Oil and Gas (ii) Electricity (iii) Renewable Energy and (iv) Technology/Knowledge Sharing (including energy efficiency, coal, etc.). for mutual cooperation.
3. The **SAARC Framework Agreement on Energy Cooperation (Electricity)** was signed during the Eighteenth SAARC Summit in Kathmandu (November 2014). Governments of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka have ratified the Agreement.

4. **SAARC energy centre** has been setup in Islamabad to create an energy ring in South Asia and **SAARC Food bank** in India to supplement national efforts to provide food security in the region.
5. **South Asian Regional Standards Organization (SARSO)** has been established to achieve and enhance coordination and cooperation among SAARC member countries in the fields of standardization and conformity assessment and is aimed to develop harmonized standards for the region to facilitate intra-regional trade and to have access in the global market.
6. The **SAARC Youth Award** is given to outstanding individuals in the SAARC region. The award recognizes and promotes the commitment and talent of young people who give back to the world at large through various initiatives such as innovation, environmental protection and disaster relief.

Cooperation through SAARC has resulted in establishment of various programs and forums for mutual benefits like South Asian University, New Delhi; SAARC International College, Bangladesh; Agreement on Judicial cooperation on Counter-Terrorism; Telemedicine Network; SAARC Writers and Literature Foundation; South Asia Foundation; South Asia Co-operative Environment Programme; South Asia Centre for Policy Studies; South Asia Women's Centre South Asia Olympic Council (South Asian Games).

Challenges to SAARC:

1. The two main SAARC members, India and Pakistan, have long been at odds with one another. It has been held hostage to “**love-hate relations**” between India and Pakistan.
2. SAARC charter excludes bilateral and contentious issues discussion on forum. Thus, limiting the utility of platform for dispute resolution.
3. All decision Need to be unanimous. Thus, any nation can play spoilsport, as being done by Pakistan frequently.
4. **Border and maritime disputes** still plague the area in great numbers. Unresolved border issues have contributed to issues with terrorism, the refugee crisis, smuggling, and the drug trade. Cooperative relationships are still hampered by unsolved difficulties.
5. **Mutual distrust** among member nations and India being seen as a Big Brother in the region.
6. **Lack of cross border infrastructure** hampers economic cooperation and limits people-to-people interactions. There is also lack of funds for infrastructure investment.
7. Cooperation with India being a polarising issue in the domestic politics of neighbouring nations further reduces scope for collaboration.
8. Absence of annual meetings to regularly push for the intended goals.
9. **BIMSTEC is being seen as an alternative to SAARC**. Its meetings have taken place regularly while SAARC remains suspended.

10. **Taliban control over Afghanistan** and reluctance among other nations to accept it as representative of Afghanistan has further limited the scope for cooperation.

Alternatives:

1. Sub-regional initiatives like BBIN.
2. India's investment in cross-border infrastructure with Nepal and Bangladesh.
3. India has amended its Cross Border Electricity Trade (CBET) rules to permit Nepal, Bhutan, and Bangladesh to buy and sell electricity on Indian exchanges.
4. BIMSTEC is being seen as an alternative platform for regional cooperation.

Way Forward:

1. Resumption of summit level meetings.
2. Swift implementation of SAFTA and moving from positive list to negative list.
3. Subregional cooperation aimed at strengthening mutual trust can act as stepping stone for cooperation through SAARC.
4. Improvement of cross border infrastructure to deepen regional trade and people-to-people cooperation. India can bring in partners with deep pockets like Japan.

SAFTA

The SAFTA was envisaged primarily as the first step towards the transition to a South Asian Free Trade Area (SAFTA) leading subsequently towards a Customs Union, Common Market and the Economic Union.

The SAFTA Agreement was signed on 6 January 2004 during Twelfth SAARC Summit in Islamabad, Pakistan. The Agreement entered into force on 1 January 2006 but is not fully operational.

The SAFTA envisages tariff reduction to 0-5% in two instalments. While NLDCs are required to reduce existing tariffs to 20 per cent in two years from the date of entry into force of the agreement, the LDCs will bring down the tariff level to 30 per cent during the same time frame. In the second instalment, the NLDCs will take another five years (except Sri Lanka, which has six years) to dismantle the tariff to 0-5 per cent, while the LDCs will have eight years for the same purpose.

Therefore, the SAFTA was expected to be fully operational only in 2016. This mandatory tariff reduction, however, is not applicable to products under the '**Sensitive List**', which comes under review not more than every four years.

In an interview to a newspaper soon after the 15 February 2006 ratification, Pakistan's then commerce minister **Humayun Akthar Khan** said that full-fledged commercial relations between the two countries would have to wait for the resolution of the Kashmir issue. Until then, bilateral trade would continue to be guided by the positive list.

Current Status:

Intra-SAARC trade amounts to just a little over 1% of SAARC's GDP. In contrast to SAARC, in ASEAN (which is actually smaller than SAARC in terms of the size of the economy) the intra-bloc trade stands at 10% of its GDP. SAARC intra-regional trade stands at just 5% on the share of intra-regional trade in overall trade in South Asia. Similarly, foreign direct investment is also dismal. The intra-regional FDI flow stands at around four percent of the total foreign investment.

Envisaged potential:

The Asian Development Bank has estimated that inter-regional trade in SAARC region possessed the potential of shooting up agricultural exports by \$14 billion per year from existing level of \$8 billion to \$22 billion.

Before the formation of FTA in ASEAN the intra-regional trade was only seven per cent from the present figure of 49 per cent; NAFTA could boost its intra-regional trade to 44 per cent and the EU to 67 per cent. The SAFTA is expected to reach this level; but the anticipation looks ambitious given numerous challenges.

Key Challenges:

1. SAFTA implementation linked to bilateral dispute (Kashmir issue) and India-Pakistan trade issues.
2. Lack of economic complementarities among SAARC members since all are agrarian economies.
3. Mutual distrust among members.
4. Lack of cross-border trade infrastructure.
5. Mutual distrust among members.
6. Limitations to India's investment potential and China as a preferred investment and trade partner.
7. Impediments created by some members: Pakistan stalled Motor Vehicle Agreement at Kathmandu summit.
8. **Long sensitive list:** Pakistan has enlisted 1,880 items under sensitive list as against India's 884. The long sensitive list declared by all countries gives indication of no seriousness of all members.

Thus, India needs to take initiative to reenergise the format and take leadership to make SAARC a vibrant platform for regional cooperation and share development. It can act as stepping stone for India's aspirations for global leadership.

China's membership of SAARC:

A number of SAARC countries have reportedly supported full membership for China, including ally Pakistan, as well as Nepal and Sri Lanka. For the smaller SAARC states, China is a growing economic player in their region. Moreover, having another large Asian state in SAARC presents the possibility of limiting India's influence or playing one off against the other to elicit maximum benefit.

BIMSTEC

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a regional organization comprising seven Member States lying in the littoral and adjacent areas of the Bay of Bengal constituting a contiguous regional unity. It came into being on 6 June 1997 through the Bangkok Declaration.

Evolution of BIMSTEC:

BIST-EC (Bangladesh, India, Sri Lanka, Thailand - Economic Cooperation) was formed at a meeting in June 1997 in Bangkok. Myanmar was admitted in Dec 1997 and the organization was renamed as BIMST-EC. The grouping expanded when Nepal and Bhutan were admitted in Feb 2004. The grouping's name was changed to BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) at 1st Summit Meeting held in Bangkok in Jul 2004.

The BIMSTEC region is home to around 22% of the global population with a combined GDP of \$3.8 trillion (2021). The BIMSTEC Permanent Secretariat at Dhaka was opened in 2014.

Significance:

1. Seen as alternative to SAARC.
2. Bridge between South Asia and South-East Asia.
3. Key to success of Neighbourhood First and Act East Policy
4. Opportunity for India for regional leadership.
5. Can be key to restricting China in the Bay of Bengal region.
6. Maritime Security in the Bay of Bengal region and South China Sea.

Priority sectors of cooperation:

- | | | |
|--|----------------------|---|
| 1. Trade & Investment | 8. Transport | & |
| Communication | | |
| 2. Energy | 9. Tourism | |
| 3. Technology | 10. Fisheries | |
| 4. Agriculture | 11. Public Health | |
| 5. Poverty Alleviation | 12. Environment | & |
| Disaster Management | | |
| 6. Counter-Terrorism & Transnational Crime | 13. People-to-People | |
| Contact | | |
| 7. Cultural Cooperation | 14. Climate Change | |

Conventions signed by BIMSTEC countries:

1. Combating International Terrorism
2. Transnational Organized Crime

3. Illicit Drug Trafficking
4. BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters has been finalized for signing at the fifth BIMSTEC Summit

BIMSTEC convention on cooperation in combating international terrorism, transnational organised crime and illicit drug trafficking has come into force in February 2022. The member states have finalised the 'BIMSTEC Master Plan for Transport Connectivity' which has been adopted at the fifth BIMSTEC summit.

Suggestion: Need to finalise finalising the BIMSTEC coastal shipping agreement and the Motor Vehicles Agreement at an early date.

Important Connectivity Projects:

- **Kaladan Multimodal Project** – links India and Myanmar.
- **Asian Trilateral Highway** - connecting India and Thailand through Myanmar.
- **Bangladesh-Bhutan-India-Nepal (BBIN) Motor Vehicles Agreement** - for seamless flow of passenger and cargo traffic.

Challenges:

1. Lack of regular meetings: Only five summit-level meetings have taken place in last 25 years.
2. Conflicts among nations reduces scope for cooperation: Bangladesh and Myanmar over Rohingya issue.
3. Lack of cross-border infrastructure and connectivity
4. Increasing Chinese footprints in the region
5. India's proactiveness seems to be missing
6. Need to finalise FTA among members.

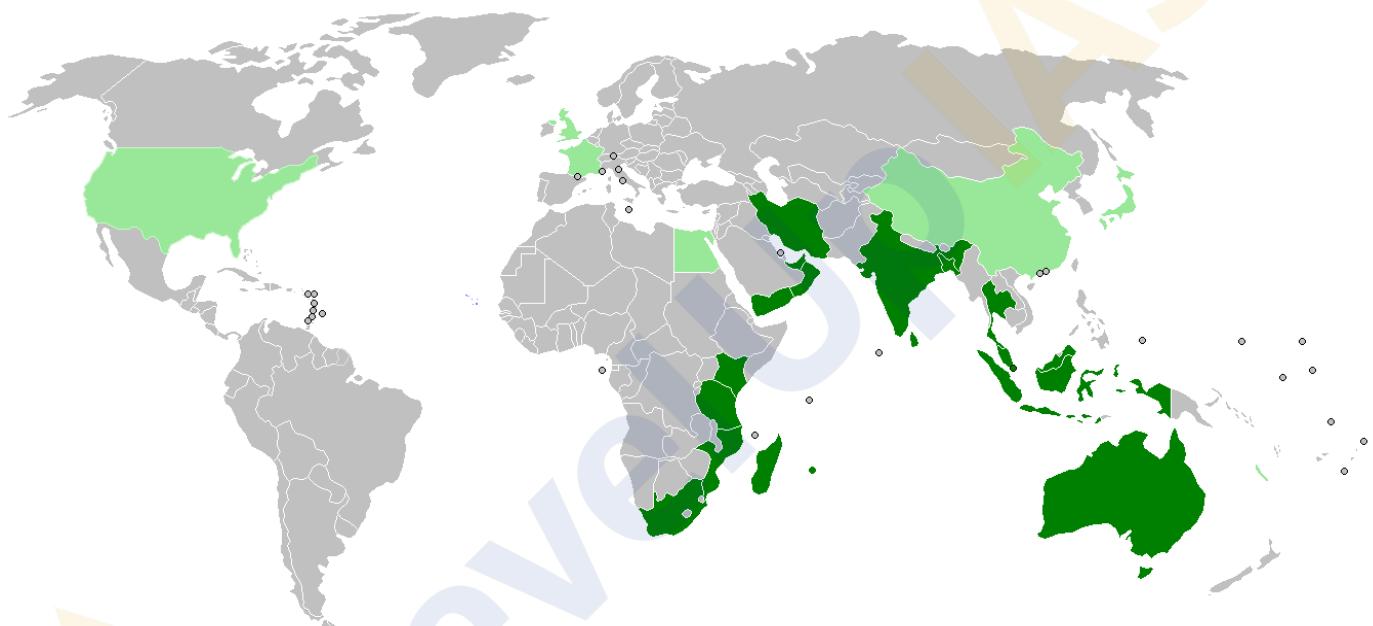
Fifth BIMSTEC Summit-2022:

1. BIMSTEC charter was signed and adopted.
2. Under the charter, members are expected to meet once every two years.
3. Declaration of the Master Plan for Transport Connectivity to provide a framework for regional and domestic connectivity.
4. Treaty on mutual legal assistance on criminal matters signed.

IORA

The Indian Ocean Rim Association is an inter-governmental organisation which was established on 7 March 1997 Indian Ocean Rim Association (then known as the Indian Ocean Rim Association for Regional Co-operation) consisting of 23 states bordering the Indian Ocean. Its secretariat is in Ebene, Mauritius.

The IORA is a regional forum, tripartite in nature, bringing together representatives of Government, Business and Academia, for promoting co-operation and closer interaction among them. It is based on the principles of Open Regionalism for strengthening Economic Cooperation particularly on Trade Facilitation and Investment, Promotion as well as Social Development of the region.



Objectives of IORA:

1. To promote sustainable growth and balanced development of the region and member states
2. To focus on those areas of economic cooperation which provide maximum opportunities for development, shared interest and mutual benefits
3. To promote liberalisation, remove impediments and lower barriers towards a freer and enhanced flow of goods, services, investment, and technology within the Indian Ocean rim.

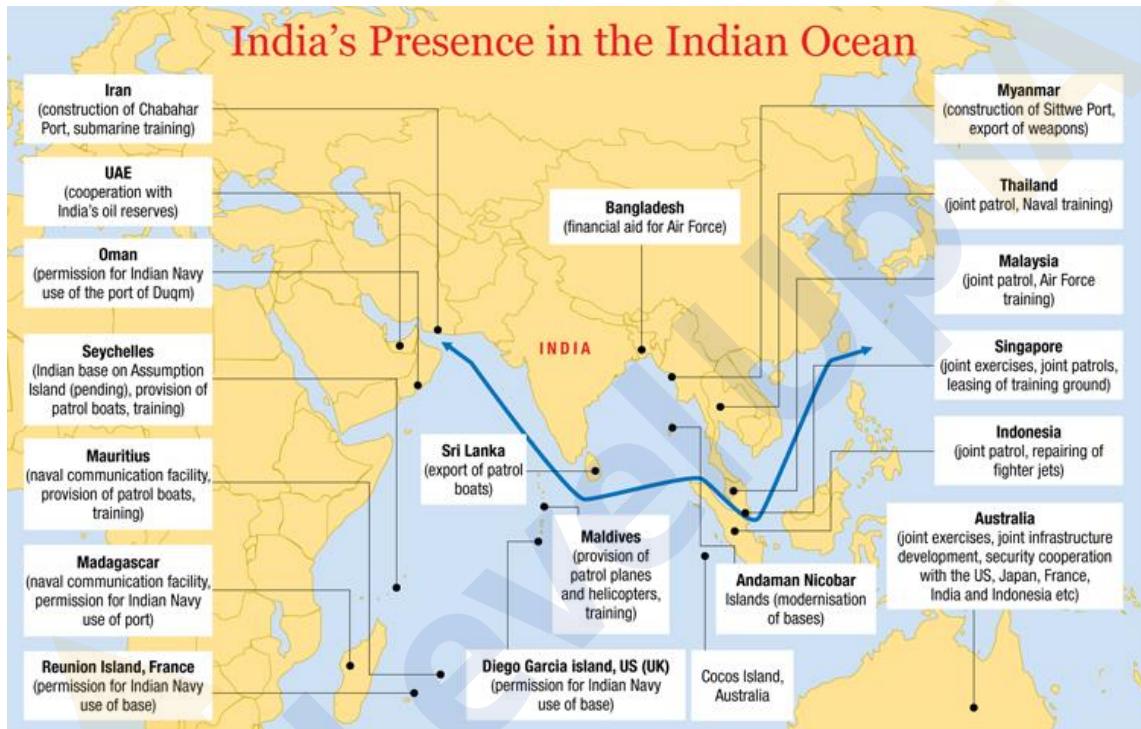
Indian Ocean Rim Association (IORA) has identified **six priority areas**, namely:

1. maritime security,
2. trade and investment facilitation,
3. fisheries management,
4. disaster risk reduction,
5. academic and scientific cooperation and

6. tourism promotion and cultural exchanges.

Significance of IORA:

1. Ensuring peace and stability in the Indian Ocean region.
2. Securing the critical sea lanes of communication
3. Ensuring common stance on adventurism of extra regional powers
4. Coordination and cooperation in the events of disaster
5. Protecting maritime flora and fauna
6. Academic and scientific cooperation on better management of marine resources



India's initiatives in IOR

- Security and Growth for All (SAGAR) Policy
- Maritime Security Strategy- 2015
- **Indian Ocean Region-International Fusion Centre (IFC)** at Gurugram- the first regional framework aimed at structuring information sharing on white shipping and addressing threats such as illegal fishing, drug smuggling and human trafficking.
- **Indian Ocean division in the MEA** to look at the region more holistically and as one theatre
- Indian Ocean Rim Association (IORA)
- Indian Ocean Naval Symposium (IONS) voluntary to increase maritime co-operation among navies of the littoral states of the IOR.
- Colombo Security Conclave

- coastal radar system and stations in collaboration with Maldives, Mauritius, Sri Lanka, Seychelles, Myanmar and Bangladesh for better maritime domain awareness.
- In 2017, the Indian Navy launched its Mission Based Deployment, to increase its presence and visibility across the Indian Ocean.
- Delhi in partnership with friends such as Australia and France have announced and spearheaded initiatives like the Indo-Pacific Oceans Initiative, Coalition for Disaster resilient Infrastructure, International Solar Alliance.
- The Navy prides itself as the ‘first responder’ in the region, deploying quickly and offering Humanitarian Assistance and Disaster Relief (HADR).

China in the Indian Ocean Region

China-Indian Ocean Region Forum

- China convened a first “**China-Indian Ocean Region Forum**” bringing together 19 countries from the region – and all of India’s neighbours, except India.
- It had representatives from 19 countries including Indonesia, Pakistan, Myanmar, Sri Lanka, Bangladesh, Maldives, Nepal, Afghanistan, Iran, Oman, South Africa, Kenya, Mozambique, Tanzania, Seychelles, Madagascar, Mauritius, Djibouti, and Australia.
- China “proposed to establish a marine disaster prevention and mitigation cooperation mechanism between China and countries in the IOR, and stood ready to provide necessary financial, material, and technical support to countries in need”.
- China also “proposed the establishment of a blue economy think tank network for China and countries in the Indian Ocean region with the support of Yunnan.”
- The participating countries agreed to cooperate to “strengthen policy coordination, deepen development cooperation, increase resilience to shocks and disasters, and enhance relevant countries’ capacity to obtain economic benefits through use of



marine resources such as fisheries, renewable energy, tourism, and shipping in a sustainable way.”

The map above shows 17 ports in the IOR, which have some degree of Chinese involvement. This involvement ranges from massive projects like the deep water ports and terminals at Gwadar and Lamu to construction of smaller terminals like the Livestock Terminal at Port Sudan.

China is directly involved in the construction of 13 of them, through Chinese companies, which are contracted to build the ports and its related infrastructure. The project costs are moderate to extravagant – from \$78 million for Djibouti to \$1.6 billion for Gwadar in Pakistan.

Chinese initiatives in IOR

- Involved in 17 ports in the region one way or the other, directly or indirectly.
- China has set up a China-Africa Satellite Remote Sensing Application Centre
- Military base at Djibouti, 99 Year lease of Hambantota.
- Increased naval deployments
- Military exercises with Russia, Iran and Pakistan

Significance of IOR for China

- The U.S. Department of Defense's (DoD) “**Military and Security Developments Involving the People’s Republic of China 2021**” identifies that out of top 10 crude oil suppliers for Beijing, the route to nine of its suppliers is through the Indian Ocean region.
- The IOR accounts for 80% of China’s energy imports and is essential for China’s trade activities

Possible Chinese objectives in IOR

1. conduct non-combat activities focused on protecting Chinese citizens and investments, and bolstering China’s soft power influence
2. Undertake counterterrorism activities, unilaterally or with partners, against organizations that threaten China;
3. Collect intelligence in support of operational requirements, and against key adversaries;
4. Support efforts aimed at coercive diplomacy toward small countries in the region; and
5. Enable effective operations in a conflict environment, namely the ability to deter, mitigate, or terminate a state-sponsored interdiction of trade bound for China, and to meaningfully hold at risk U.S. or Indian assets in the event of a wider conflict.

India-US Relations

The relationship has been influenced by various geopolitical factors. Presently, both nations enjoy closer **Global Strategic Partnership**, based on shared democratic values and increasing convergence of interests on bilateral, regional, and global issues.

Phases of Relationship:

Initially, USA saw India more valuable than the neighbour Pakistan. However, India's policy of neutrality and non-Alignment was perceived negatively. During 1949 USA tour of PM Nehru, **Truman administration** indicated that it would give India anything that it wanted. It also suggested to support for building up India's economic and military strength. But Nehru refused.

India rejected US advice of not recognising communist China. But it backed 1950 condemnation of North Korea aggression. India also got the food aid from USA. India was able to benefit from both blocks. However, **President Eisenhower** and **Secretary Dulles** criticised Non-Alignment as immoral and opportunistic.

Kennedy administration considered India as a strategic partner and counterweight to the rising communist China. It openly **supported India during 1962 Indo-China war** and even flew in arms and ammunition supplies to the Indian troops.

However, Pakistan's membership to **SEATO** and **CENTO** had pushed India closer to Soviet Union. **Lyndon Johnson administration** attempt to balance its relationship between both India and Pakistan backfired and it pushed Pakistan closer to China and India even closer to USSR.

Relations then hit an all-time low under the **Nixon administration** in the early 1970s. Nixon shifted away from the neutral stance which his predecessors had taken towards India-Pakistan hostilities. He established a very close relationship with Pakistan, aiding it militarily and economically. During 1971 war, USA supported Pakistan and India was supported by the USSR.

When India tested nuclear weapons in 1998, USA imposed sanctions on India. But sanctions proved ineffective and other nations continued to have trade with India. Soon, sanctions were lifted and **Clinton administration** started engaging with India. In March 2000, Bill Clinton visited India, which was the first US presidential trip to India. With coming off **George Bush administration**, the relations started improving gradually leading to signing of Civil Nuclear deal in 2005. After the September 2001 attacks, India and USA collaborated closely in South Asia and Indian Ocean Region.

Journalist Fareed Zakaria, in his book ***The Post-American World***, described Bush as "being the most pro-Indian president in American history." In November 2010, President Barack Obama during his address to the joint session of the Indian Parliament called the India-US relationship as a "defining partnership of the 21st century" and backed India's bid for a permanent seat on the United Nations Security Council.

The present state of Indo-US relations is strongest ever. PM Modi in his first address to the joint session of the US Congress said that India and the U.S. have overcome “**the hesitations of history**” and called for ever-stronger economic and defence ties between the two countries.

Convergences between India and the USA:

1. Both nations share common values of democracy and plurality and have commitment to Rule of Law, democracy, and stability.
2. Shared threat of China and resultant instability.
3. Stake in ensuring stability in the Indo-Pacific.
4. Common Geostrategic interests
5. Bipartisan consensus in both nations about importance of partnership.
6. Economic complementarities.
7. Common challenges of terrorism, Climate Change and Global Warming.
8. Deep people to people relations.

Examples of Cooperation:

1. Regular engagements at the higher level including 2+2 dialogue.
2. Signing of Four Foundational agreements (GSOMIA, LEMOA, COMCASA, BECA)
3. India recognised as Major Defence Partner and given STA-1 authorisation.
4. Membership of various groupings like QUAD, Indo-Pacific Economic Framework etc.
5. Regular Military exercises like Malabar, Yudh-Abhyas, Vajra-Prahari etc.
6. USA accommodative stance on S-400 purchase, Ukraine crisis etc.

Economic Cooperation:

As per provisional data of FY-23, USA has emerged as the biggest trade partner of India at \$128.55 billion, surpassing China. India enjoys a trade surplus of \$28 billion.

The US is the 3rd largest investor in India, having invested \$45.55 billion between April 2000 and June 2021. This represents 8.3% of the total FDI into India during this period.

Opportunities:

1. Economic complementarities.
2. Market diversification: Alternative to China, Part of New Washington Consensus.
3. Democratic society, open economy, and Rule of Law.
4. Low labour cost and skilled manpower

Challenges:

1. **Absence of Free Trade Agreement** between both sides limits scope for expanding trade relations.
2. **Policy uncertainty and unpredictability** on both sides. While former US President termed India as Tariff King, USA has been critical of protectionism in India.
3. **Trade Protectionism** by the USA and high tariffs in Indian market

4. High cost of doing business in India
5. Absence of economies of scale in India.
6. **Differences over data localisation:** India's idea of data sovereignty goes against US idea of free-flow of data.
7. **India's removal from GSP list** is the recent bone of contention in the bilateral relations.

Political engagements:

1. India USA 2+2 ministerial dialogue.
2. India USA Commercial dialogue
3. India USA economic and financial partnership
4. India USA trade policy forum
5. India USA strategic energy partnership
6. India USA Homeland Security dialogue

Defence Cooperation:

- The US has become India's second-largest arms supplier (2011-15) and 4th largest (2016-20). India-US defence trade has increased from nearly zero in 2008 to over \$15 billion in 2018.
- The 2023 National Defence Authorization Act has called for expanding cooperation with India on emerging defence technologies, readiness, and logistics.
- India recognised as Major Defence Partner and given STA-1 authorisation.
- Important bilateral exercises: Yudh Abhyas, Vajra Prahar, Tarkash, Tiger Triumph, and Cope India. Other: Malabar Naval exercise.

I

India-U.S. Defence Technology and Trade Initiative (DTTI): It was signed in 2012. DTTI initiative aims to bring into focus the bilateral defence trade relationship and create opportunities for co-production and co-development of essential defence equipment by both the USA and India. It is intended to focus senior U.S. and Indian leadership on real opportunities and challenges associated with strengthening the defence partnership. It aims at promoting co-development and coproduction efforts and expedite the scope of cooperation on defence technology that became narrow due to the presence of differing bureaucratic processes and legal requirements.

Significance:

- It will enhance the mutual trust and a commitment to the long-term strategic relationship between two nations.
- With the key defence pacts in place, cooperation between the US and India can take place in a more structured and efficient way, rather than in episodic bursts.
- It will help in cutting through the government bureaucracies on the two sides and expedite cooperation.

Achievement: In September 2021, first Project Agreement for **Air-Launched Unmanned Aerial Vehicle** under the Joint Working Group Air Systems was signed.

Indo-US Foundational Agreements:

India and the USA have signed **four foundational agreements** to further deepen the strategic cooperation. They are:

- **General Security of Military Information Agreement (GSOMIA)**- Signed in 2002. It paves way for greater technology cooperation in the military sector. It allows the sharing of classified information from the U.S. government and American companies with the Government of India and Défense Public Sector Undertakings (DPSU) but not with Indian private companies.
- **Logistics Exchange Memorandum of Agreement (LEMOA)**- Signed in 2016. It gives both the nations access to each other's military facilities. But does not make it automatic or obligatory. The agreement will primarily cover four areas — port calls, joint exercises, training and Humanitarian Assistance and Disaster Relief. Any other requirement has to be agreed upon by both sides on a case-by-case basis.
- **Communication Compatibility and Security Agreement (COMCASA)**- Signed in 2018. COMCASA is an India-specific version of the Communication and Information on Security Memorandum of Agreement (CISMOA). It would facilitate access to advanced defence systems and enable India to optimally utilize its existing U.S.-origin platforms. COMCASA allows India to procure or transfer specialized equipment for encrypted communications for US origin military platforms like the C-17, C-130 and P-8Is.
- **Basic Exchange and Cooperation Agreement (BECA)**- Signed in 2020. It will allow India and the US to share military information which includes maps, nautical and aeronautical charts, commercial and other unclassified imagery, geodetic, geophysical, geomagnetic and gravity data. Most of the shared information will be shared will be of unclassified category but classified information can also be shared.
The information will improve the military's accuracy of automated hardware systems and weapons like cruise missiles, ballistic missiles and drones. BECA will also help India and US counter the growing Chinese influence in the Indo-Pacific region thereby strengthening the Quad. The agreement will also help India at a time of standoff with the Chinese army in Ladakh.

Major Defence Partner: The United States declared India a Major Defence Partner (MDP) in 2016, putting New Delhi on par with Washington's closest allies and opening the door to Indian procurement of sensitive defence technologies. It institutionalises the progress made to facilitate defence trade and technology-sharing with India to a level

at par with that of the United States' closest allies and partners, and ensures enduring cooperation into the future.

STA-1 Authorisation: In August 2018, the US granted to India the designation of **Strategic Trade Authority Tier 1 or STA-1**, providing India with greater supply-chain efficiency by allowing US companies to export a greater range of dual-use and high-technology items to India under streamlined processes. This authorisation is the equivalent of NATO allying with Japan, South Korea and Australia.

STA-1 countries have license-free access to almost 90% of dual-use technology and are eligible to import items that are controlled for reasons of national security, chemical or biological weapons, etc., irrespective of whether the technology or item impacts regional stability or American national security.

Being part of STA-1 could open up doors for both sales and manufacturing in India as it is expected to lead to greater high-technology trade and commerce. According to US estimates, India's not being part of STA-1 has resulted in a lost opportunity worth \$10 billion over the last seven years since 2011.

Challenges to defence cooperation:

1. India's dependence in Russia for defence platforms and their maintenance. Since 2010, 62% of imports are from Russia.
2. Inability of USA to hold Pakistan accountable for terrorism and continued support to Pakistan.
3. Lack of engagement over issues like withdrawal from Afghanistan deepens distrust.
4. India not an ally or treaty partner of USA.
5. USA platforms come with conditionalities.
6. India's engagements with alternate suppliers like Israel and France.

CAATSA: Countering America's Adversaries through Sanctions Act". Under this federal law, the American government can impose sanctions on any country that has "significant transactions with Iran, North Korea or Russia". The law entails economic & financial penalties for any nation that transacts with Russia on arms.

- Create challenge because of India's dependence on Russia for defence equipments.
- There is fear of U.S. sanctions over India purchasing S-400 missile defence system.
- But there is also scope for waiver to India. USA has not provided clarity over whether it'll impose sanctions or not.

1. **India-US Climate and Clean Energy Agenda 2030 Partnership** launched at the Leaders' Summit on Climate in April 2021 by Prime Minister Narendra Modi and US President Joe Biden. It envisages bilateral cooperation on strong actions in the current decade to meet the goals of the Paris Agreement.

The Partnership will proceed along two main tracks: the Strategic Clean Energy Partnership and the Climate Action and Finance Mobilization Dialogue, which will build on and subsume a range of existing processes.

The Partnership aims to mobilize finance and speed clean energy deployment; demonstrate and scale innovative clean technologies needed to decarbonize sectors including industry, transportation, power, and buildings; and build capacity to measure, manage, and adapt to the risks of climate-related impacts.

2. **Climate Action and Finance Mobilisation Dialogue (CAFMD)** under India-US Climate Clean Energy Agenda 2030. The dialogue will strengthen India-US bilateral cooperation on climate and environment and also help to demonstrate how the world can align swift climate action with inclusive and resilient economic development, taking into account national circumstances and sustainable development priorities.
3. **US-India Strategic Clean Energy Partnership (SCEP)** helmed by Minister for Petroleum and Natural Gas and Housing and Urban Affairs Hardeep Singh Puri on the Indian side and the US Secretary of Energy Jennifer Granholm.

Challenge:

1. USA demand from India to continuously increase the commitment shows lack of understanding in USA about India's developmental needs.
2. USA leadership in fulfilling commitment under Green Climate Fund has been lacking.

Energy Cooperation:

- USA is India's fourth largest energy supplier (5% of total import).
- USA-India launched **Strategic Energy Partnership** in 2018, to enhance energy security, bolster strategic alignment.
- **U.S.-India Strategic Clean Energy Partnership (SCEP):** The SCEP organises inter-governmental engagement across five pillars of cooperation: (1) Power and Energy Efficiency; (2); Responsible Oil and Gas; (3) Renewable Energy; (4) Sustainable Growth and (5) Emerging Fuels.
- In the second phase of the **Partnership to Advance Clean Energy (PACE)-R initiative**, the two sides agreed to expand the scope of the work to include smart grid and grid storage.

Key Challenges:

1. India's policy of strategic autonomy Vs. US demand of aligning with USA and West. - Iran, Russia-Ukraine
2. **Differences in world Views-** While USA wants an Unipolar world with its continued dominance, India's vision is that in a multipolar world, its interests will be better served.
3. **Differing conception of Indo-Pacific:** The United States continues to conceptualize Indo-Pacific as the area of operation for Indo-Pacific Command, spanning from the west coast of India in the Indian Ocean to the west coast of the United States in the Pacific Ocean. India, by contrast, regards it from East coast of Africa to the west coast of the USA.
4. **Withdrawal of GSP benefits to india:** It is expected to impact around \$6.3 billion worth of exports.
5. **Trust Deficit:** Difference over Afghanistan withdrawal and reliability of USA partnership.
6. Absence of FTA between India and USA.
7. USA's inability to hold Pakistan accountable for its sponsoring of terrorism against India.
1. **Frequent comments on India's internal issues** particularly related to religious freedom, Human Rights issues, and democracy. USCIRF has frequently made negative comments about religious freedom in India.

Recent Initiatives:

- **Initiative on Critical and Emerging Technologies (iCET)** launched between USA and India. It will be run by the National Security Councils of two countries.
- Pentagon has said that it was ready for any response to wean India away from Russia.
- Under **New Washington Consensus**, Jake Sullivan called for taking partners like India long and investing in India for resilient supply chains.
- During **US secretary of defence Lloyd Austin's recent visit**, a roadmap for **US-India Defence Industrial Co-operation**, aimed at galvanising technology co-operation and co-production in India's defence needs was concluded.

USA National Security Strategy 2022:

- Main goal of strategy is out-competing China and constraining Russia.
- India Being the world's largest democracy and a "**Major Defence Partner**," will continue to be a key partner in realising Washington's vision of a "free and open" Indo-Pacific.
- QUAD will now seek to deepen cybersecurity partnership and promote high standards for infrastructure and health security.
- China has ambition to "create an enhanced sphere of influence in the Indo-Pacific and to become the world's leading power".
- **Three pronged strategy to deal with China:** to invest, to align and to compete.
- Called Russia-Ukraine war as "**Putin's war**." The conflict has "profoundly diminished Russia's status vis-à-vis China and other Asian powers such as India and Japan."
- Russia's "aggressive behaviour has raised geopolitical tensions" also in the Arctic. Both Moscow, as well as Beijing, are looking to expand their influence in the Arctic region.

PM Modi state visit to the USA

In June 2023, PM Modi made a four-day state visit to the USA, where he addressed the joint session of the US Congress for a second time.

Key Outcomes:

- The **India-U.S. New and Emerging Renewable Energy Technologies Action Platform** launched to accelerate cooperation in green hydrogen, offshore and onshore wind, and other emerging technologies.
- India became the new member of the **US-led Mineral Security Partnership (MSP)**, which aims to ensure the supply of critical minerals.
- An interagency-led **Strategic Trade Dialogue** was launched to undertake efforts to address export controls and facilitate technology transfer between the two countries.
- An MoU on **Semiconductor Supply Chain and Innovation Partnership** was signed to promote commercial opportunities, research, talent, and skill development.
- **Indo-U.S. Quantum Coordination Mechanism** was established to facilitate collaboration among industry, academia, and government
- U.S.-India Science and Technology Endowment fund was launched for the joint development and commercialization of Artificial Intelligence (AI) and quantum between the countries.
- A new initiative called "**Innovation Handshake**" was started to connect the startup ecosystems of the two countries, to support the US-India Initiative on Critical and Emerging Technology (iCET).

Defence Agreements:

- An agreement to Co-produce the GE F414 jet engine was signed between General Electric (GE) and Hindustan Aeronautics Limited (HAL).
- India to procure 31 High Altitude Long Endurance (HALE) Unmanned Aerial vehicles (UAV) MQ-9B drones from the US.
- The **U.S.-India Defence Acceleration Ecosystem (INDUS-X)** was launched to facilitate joint defence technology innovation, and co-production of advanced defence technologies.

Space Cooperation:

- NASA to provide advanced training to Indian astronauts with the goal of mounting a joint effort to the International Space Station (ISS) in 2024.
- India signed the US led '**Artemis Accord**', which aims to establish a common vision via a set of principles, guidelines, and best practices to enhance the governance of the civil exploration and use of outer space.

Summit for Democracy

- First summit held in December 2021 by US President Biden which brought together leaders from government, civil society, and the private sector to set forth an affirmative agenda for democratic renewal and to tackle the greatest threats faced by democracies today through collective action.
- During the first Summit, President Biden announced the establishment of the **Presidential Initiative for Democratic Renewal**, a landmark set of policy and foreign assistance initiatives that build upon the U.S. Government's significant, ongoing work to bolster democracy and defend human rights globally.
- Second summit co-hosted by the USA with the governments of Costa Rica, the Netherlands, Republic of Korea, and Republic of Zambia in March 2023.
- Declaration called for commitments on banning or monitoring surveillance technology and improved democratic regulation of social media.

Reasons:

- Global Democratic Backsliding and Russia's invasion of Europe.
- Populist, autocratic government in places such as Hungary, Israel, Mexico, Turkey, and Venezuela.
- Attempt by USA to shore up its alliances in the face of a non-democratic China.
- USA attempt to project the competition with Russia and China as essentially democracy vs. authoritarianism.

China Factor in India-USA Relations:

USA views India as a **geopolitical counterbalance** and **economic alternative** to China. The declassified Documents of Trump administration have revealed the policy of a strong India in

cooperation with like minded countries, would act as a counterbalance to China in the Indo-Pacific region.

Biden administration strategy plan argues that the USA would "steadily advance our Major Defence Partnership with India and support its role as a net security provider".

On Taiwan:

- USA has maintained "strategic ambiguity" on Taiwan. In line with One China Policy, it doesn't recognize Taiwan independence. But Taiwan Relations Act (TRA) asks US government to provide Taiwan with arms of defensive character.
- USA NDAA 2023 authorized increased security cooperation with Taiwan in the Indo-Pacific region. It has authorized up to \$10 billion in security assistance and fast-tracked weapons procurement for Taiwan.
- China has criticized the act arguing that it has provisions that cause serious damage to peace and stability in Taiwan Strait.

Commonality between USA and India on China

- Both look at China as a common adversary.
- Both India and USA have common goal of ensuring peace in the Indo-Pacific, with China as the biggest disruptor in the region.
- Shared Concerns about China's rise and resulting instability in the region and beyond.
- Common values of democracy, multi-cultural society and plurality, which is antithetical to Chinese world-view.
- Shared commitment to the rule-based international order.

Challenges:

1. India is not an alliance partner of the USA.
2. Compared to India, USA and China have deeper economic engagements. India-China bilateral trade was \$758.4 billion in 2022, while for India-USA, it was \$191.8 billion.
3. Compared to the USA, India is not very open in criticising China.
4. India has concerns about G-2 i.e., understanding between USA and China as two great powers.

Commonality:

1. China as a common adversary
2. Common goal of ensuring peace in the Indo-Pacific.
3. Concerned about China's rise and resulting instability.
4. Common values of democracy, multi-cultural society and plurality.
5. Commitment to rule-based international order.

Challenges:

5. India is not an alliance partner
6. Deeper US-China economic engagements
7. India is not very open in Chinese criticism.
8. India has concerns about G-2.

China versus USSR- challenge to the USA**With USSR:**

1. Ideological component more dominant
2. Limited economic engagement
3. Clear division across the globe
4. Technological race limited to defence and space domains.
5. Bipolar world
6. Strong support of European allies due to threat of USSR

With China:

1. Deeply integrated markets across the globe.
2. Ideological component not that much prominent.
3. China's economic engagement across the globe.
4. China's economic growth much faster than the USA.
5. Ambivalence among European nations.
6. A multipolar world.
7. Technological race involves all the domains of tech expertise.
8. Attempts to create alternative institutions.

Indo-Pacific: It has emerged as a new geographical construct comprising of Pacific Ocean and Indian Ocean as a common geopolitical sphere. Its origin can be found in ex-Japanese pm Shinzo Abe's "**Confluence of the Two Seas**" speech to the Indian Parliament, where he referred to the "confluence" of the Indian and Pacific Oceans as "the dynamic coupling as seas of freedom and of prosperity in the broader Asia".



Significance:

1. Region accounts for 60% of the world's population and 2/3rd of the global economic output.
2. 60% of global maritime trade passes through the waters in the region.
3. The fastest growing emerging economies- ASEAN, India, China are from the region.
4. Geostrategic conflict points like South China Sea, Taiwan etc.
5. US policy of tackling competition from China, reassuring the allies etc.
6. China's rapid naval expansion, island building in the region has led to insecurity and conflicts in the region.

USA in the Indo-Pacific:

USA has said that India will be the most consequential partner in the Indo Pacific strategy. The US has signalled its increased commitment to the region with the newly proposed **Pacific Deterrence Initiative**, which will complement the **Asia Reassurance Initiative Act (ARIA)** to provide a more robust military presence.

Blue Dot Network (BDN) has been launched in 2019 by the US, Japan and Australia to bring together governments, the private sector, and civil society to certify projects that uphold global infrastructure principles.

Partners in the Blue Pacific (PBP): US and its allies- Australia, New Zealand, Japan and the United Kingdom have launched '**Partners in the Blue Pacific (PBP)**' for "effective and efficient cooperation" with the region's small island nations. The PBP is a five-nation "informal mechanism" to support Pacific islands and to boost diplomatic, economic ties in the region. It

aims at enhancing “prosperity, resilience, and security” in the Pacific through closer cooperation.

India vision on Indo-Pacific:

On June 1, 2018, Prime Minister Narendra Modi outlined India's vision for the Indo-Pacific region in his speech delivered at the Shangri La Dialogue in Singapore.

India calls for a free, open and inclusive order in the Indo-Pacific, based upon respect for sovereignty and territorial integrity of all nations, peaceful resolution of disputes through dialogue and adherence to international rules and laws. India's concept of the Indo-Pacific is inclusive in nature, and supports an approach that respects the right to freedom of navigation and overflight for all in the international seas.

At the East Asia Summit in 2019, the PM enunciated **Indo-Pacific Oceans Initiative**, listing its seven pillars:

- Maritime security
- Ecology and resources;
- Capacity building;
- Disaster risk reduction and management;
- S&T and academic cooperation;
- Trade,
- Connectivity and maritime transport.

Indo-Pacific Oceans Initiative is an Indian initiative for safe, stable and secure maritime domain, especially the Indo-Pacific Ocean region. The focus areas include enhancement of security, cooperation in disaster management and sustainable use of marine resources.

USA's Indo-Pacific Strategy:

Vision of Indo-Pacific: The US will seek an Indo-Pacific that is **free and open, connected, prosperous, secure and resilient**.

Free: investing in civil society, a free press and democratic institutions.

Connections: Within and beyond the region.

- US will work in flexible groupings to tackle major issues, particularly through the **QUAD**.
- It will also deepen its (five) regional treaty alliances and work with groups such as **ASEAN, the European Union (EU) and NATO**.
- **AUKUS**, a security alliance between Australia, the UK and the US has also been recently launched.

Prosperity: To advance its prosperity goal for the region, the US' strategy includes seeking higher labour and environmental standards, helping to establish secure supply chains, and investing in clean energy.

Security:

- The US has announced that “**Integrated deterrence**” will form the “cornerstone” of the US’ security plan for the region.
- It will drive initiatives that reinforce deterrence and counter coercion, such as opposing efforts to alter territorial boundaries or undermine the rights of sovereign nations at sea.

Resilience:

- Climate change is growing ever-more severe as South Asia’s glaciers melt and the Pacific Islands battle existential rises in sea levels.
- Further, the Indo-Pacific governments grapple with natural disasters, resource scarcity, internal conflict, and governance challenges.
- In this context, US envisages to build regional resilience to 21st century transnational threats, including by:
 - Working with allies and partners to develop 2030 and 2050 targets, strategies, plans, and policies consistent with limiting global temperature increase to 1.5 degrees Celsius.
 - Reducing regional vulnerability to the impacts of climate change and environmental degradation.

European Union Indo-Pacific Strategy:

- The strategy reinforces its presence and actions in the Indo-Pacific, including cooperation with regional partners for maritime security and deepening of economic ties with India.
- The renewed EU commitment to the Indo-Pacific, a region spanning from the east coast of Africa to the Pacific Island states, will have a long-term focus and will be based on upholding democracy, human rights, the rule of law and respect for international law.
- The move follows the adoption of Indo-Pacific strategies by key EU members such as France, Germany, and the Netherlands. All these policies envisage closer security and economic cooperation with India, which is seen as a key player in the region.
- The EU has opted to strike a fine line between cooperating with China on issues such as trade and investment and climate change and challenging its actions that go against a rules-based order.
- It also says that the EU will “**continue to explore deepening economic relations with India.**”
- The EU will also strengthen cooperation with partners on counter-terrorism, cyber-security, maritime security and crisis management, and a “meaningful European naval presence in the Indo-Pacific” is seen as important for the future.

USA initiatives to strengthen its partnership and Influence:

- USA has EU have committed to working together to ensure that the supply chains of the future are resilient, secure, and reflective of their values—including on labour. Both are aligning respective clean-energy incentives and are launching a negotiation on supply chains for critical minerals and batteries.
- US is working with Canada on clean energy supply, With Japan- agreements on cooperation on critical mineral supply chains.
- USA working with partners—in Europe, the Republic of Korea, Japan, Taiwan, and India—to coordinate approaches to semiconductor incentives.
- US expanding partnerships: with India—on everything from hydrogen to semiconductors, with Angola—on carbon-free solar power, with Indonesia—on its Just Energy Transition Partnership and with Brazil—on climate-friendly growth.

QUAD: An informal strategic dialogue forum between India, USA, Japan and Australia with a shared objective to ensure and support a “free, open and prosperous” Indo-Pacific region.

Evolution of QUAD:

- The maritime cooperation among the members after the Indian Ocean tsunami of 2004.
- **2007:** The dialogue was initiated in 2007 by Japanese Prime Minister Shinzo Abe, with the support of Australian Prime Minister John Howard, Indian Prime Minister Manmohan Singh, and U.S. Vice President Dick Cheney. It ceased with withdrawal of Australia during Kevin Rudd's premiership because ambivalence in Australia's policy over growing tensions between US and China in the Indo-Pacific.
- **2012:** The Japanese Prime Minister highlighted the concept of the '**Democratic Security Diamond**' in Asia, which includes the US, Japan, India, and Australia.
- **2017:** During 2017 ASEAN Summit, leaders of four nations agreed to revive the quadrilateral grouping in the light of growing dangers posed by China in the Indo-Pacific region.
- **2020:** All the four navies participated in their first joint exercise in November 2020.
- **In March 2021,** The Quad leaders met for the first time virtually.
 - working groups on COVID-19 vaccines, climate change, and technological innovation and supply-chain resilience were formed.
 - **The leaders launched** Quad Vaccine Partnership, to help enhance equitable access to safe and effective vaccines in the Indo-Pacific and the world. They pledged to donate 1.2 billion vaccine doses globally.
 - The leaders released a joint statement titled '**The Spirit of the Quad**' stating that it strives for “a region that is free, open, inclusive, healthy, anchored by democratic values, and unconstrained by coercion.”
- **In September 2021, four leaders met in-person for the first time and put forward an ambitious agenda for practical cooperation in 21st Century:** ending the COVID-19

pandemic, including by increasing production and access to safe and effective vaccines; promoting high-standards infrastructure; combatting the climate crisis; partnering on emerging technologies, space, and cybersecurity; and cultivating next-generation talent in all of our countries.

Significance:

- Engagements raised to the summit level. Frequent summit meetings underscore the importance attached to the platform.
- Diversified to include vaccine distribution, Climate change and critical and emerging technologies so that other smaller nations may be engaged.
- In March 2020, 3 more Indo-Pacific nations New Zealand, South Korea and Vietnam were included in the discussion, which has been touted as QUAD Plus.
- USA changed its Pacific command name to Indo-Pacific Command.
- China has continuously criticised it as “Asian NATO”, tool for containing and besieging China to maintain US hegemony” and to “stoke confrontation and undermine international solidarity and cooperation”.

Convergences:

1. Shared commitment to the peace, prosperity, rule-based order, and free and open Indo-Pacific.
2. All nations affirm to the centrality of ASEAN in the Indo-Pacific region.
3. All members have shared concerns about China's rise and resultant instability which can impact their interests in the region and beyond.
4. All four nations are democracies and share common pluralistic culture.

Challenges:

1. **Different world views:** While USA wants status-quo (Uni-polar world led by the USA) other nations want a multipolar global order.
2. China remains the biggest trade partner of all the four nations. This further limits scope for cooperation based on anti-China agenda.
3. **Difference in geography** with respect to China leads to differing geostrategic options for the members.
4. **Absence of economic and security dimension** in QUAD. The grouping remains informal with ad-hoc agenda.
5. India has a policy of **strategic autonomy** while Japan and Australia are allies of the USA.
6. Emergence of new groupings like **AUKUS** may reduce US focus on QUAD.

Suggestions:

1. Nations can go for signing of FTA to deepen economic cooperation and reduce dependence on China.

2. There is need for a free and frank conversation among members to understand each other's geopolitical compulsions.
3. There is need for USA to accommodate India's interests rather than dictating its unilateral agenda.

Supply Chain Resilience Initiative (SCRI):

In April 2021, India, Japan and Australia launched the Supply Chain Resilience Initiative (SCRI) to build resilient supply chains in the Indo-Pacific region as they seek to reduce dependence on China.

- The SCRI aims to create a virtuous cycle of enhancing supply chain resilience with a view to eventually attaining strong, sustainable, balanced and inclusive growth in the region.
- Initial projects of SCRI: (i) sharing of best practices on supply chain resilience; and (ii) holding investment promotion events and buyer-seller matching events to provide opportunities for stakeholders to explore the possibility of diversification of their supply chains.
- Meetings to be held at least once-a-year to provide guidance to the implementation of the SCRI as well as to consult on how to develop the Initiative.
- Expansion of the initiative to be based on consensus.

AUKUS:

AUKUS is a trilateral security pact between Australia, the United Kingdom, and the United States, announced in September 2021 for the Indo-Pacific region. Under the pact, the US and the UK will help Australia to acquire nuclear-powered submarines.

The pact also includes cooperation on "cyber capabilities, artificial intelligence, quantum technologies and additional undersea capabilities".

Partnership for Global Infrastructure and Investment (PGII)

USA has launched a major effort to close the infrastructure gap in low- and middle-income countries under the "**Partnership for Global Infrastructure and Investment (PGII)**." PGII will mobilize hundreds of billions of dollars in energy, physical, and digital infrastructure financing between now and the end of the decade.

US has said that unlike the financing that comes in the Belt and Road Initiative, projects under PGII are transparent and high-standard and in service of long-term, inclusive, and sustainable growth.

USA and China

USA state department document: China is the greatest long-term challenge and the one nation with the power and resources to reshape the US-led order to its advantage.

USA has put restrictions on semiconductor technology exports to China on grounds of national security concerns.

US is also screening foreign investments in critical areas relevant to national security and outbound investments in sensitive technologies with a core national security nexus.

USA and EU have talked about de-risking and diversifying, not decoupling. US President Biden has talked about competing with China on multiple dimensions, but no confrontation or conflict. He has also said that the United States and China can and should work together on global challenges like climate, like macroeconomic stability, health security, and food security.

In November 2023, US and Chinese presidents held dialogue in California, on the sidelines of APEC summit. Both leaders agreed to establish a direct line of communication with one another. Both sides also agreed to restore military-to-military communications to lower the risk of misunderstanding.

USA-China Trade War:

USA- China bilateral trade is around \$758.4 billion (2022) with US imports at \$562.9 billion and exports at \$195.5 billion.

- The United States and China have been engaged in a trade war since March 2018, when President Trump announced 25% tariffs on steel and aluminium imports which was further expanded to Chinese products like chemicals, electrical machinery, and auto parts. In retaliation, China imposed tariffs on U.S. agricultural products, metals, and other manufactured goods. It led to further imposition of tariffs and counter tariffs.
- **Holding Foreign Companies Accountable Act** which allows U.S. authorities to remove foreign firms from stock exchanges if they fail to comply with U.S. audit rules for three years. It could require firms to disclose any Chinese Communist Party members on their boards.
- Executive order barring U.S. investors from buying exposure to firms deemed linked to the Chinese military after November 2021.
- The list of "Communist Chinese Military Companies" was mandated by a 1999 law, drawn up in 2020. It has companies like SMIC, China's biggest chipmaker, oil company CNOOC and surveillance firm Hikvision. The order prohibits US investors from purchasing or investing in securities of these companies.
- Executive order banning transactions with eight Chinese software applications, including Ant Group's popular Alipay.
- The Biden administration has continued with export control to China. In October 2023, **US Commerce Department Added 42 Chinese Entities to Export Control List for Support to Russia's Military**. In October 2023, US Department of Commerce (DOC) tightened export restrictions on advanced computing semiconductors, semiconductor manufacturing equipment, and supercomputing items to China.

India – China Relations

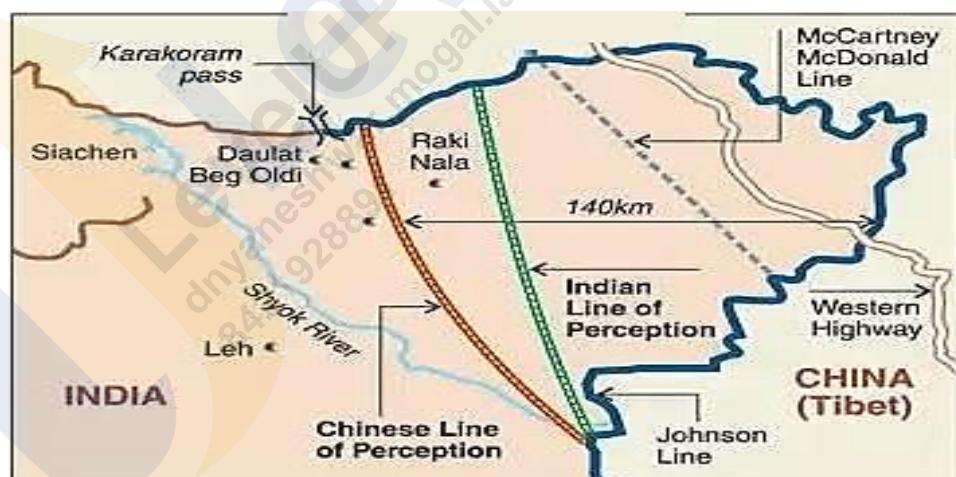
Though India and China have had historical linkages, the modern relationship began in 1950 when India was among the first countries to end formal ties with the Republic of China (Taiwan) and recognise the People's Republic of China as the legitimate government of Mainland China.

In October 1954, China and India signed an agreement regarding Tibet, whereby India recognised Tibet as part of China with China accepting the continuance of the previous trade arrangements. **Five principles of Panchsheel** were enunciated in this agreement.

1. Mutual respect for each other's territorial integrity and sovereignty,
2. Mutual non-aggression,
3. Mutual non-interference,
4. Equality and mutual benefit, and
5. Peaceful co-existence.

However, China had not recognised Indian territory in the north-east included the Assam Himalayan region up to the McMahon Line as a legal boundary. In the western sector, Indian territory inherited from the British Raj included the Aksai Chin plateau, which Chinese maps started showing as Chinese territory in the 1940s.

In March 1959, **the Dalai Lama**, spiritual and temporal head of Tibet, sought sanctuary in Dharamsala, Himachal Pradesh where he established the Tibetan government-in-exile. Thousands of Tibetan refugees settled in northwestern India. The PRC accused India of expansionism and imperialism in Tibet and throughout the Himalayan region.



The differences further deepened over the boundary issue in the Western sector where China called for **McCarthy-McDonald line** while India stuck with **Johnson line**. Once Chinese premier **Zhou Enlai** even proposed a swap between Aksai Chin and NEFA, where China would cede claim over NEFA provided India cedes its control over Aksai Chin. However, India didn't agree to this swap. To resolve any doubts about the Indian position, Prime Minister

Jawaharlal Nehru declared in parliament that India regarded the McMahon Line as its official border.

In 1956-57, China constructed road through Aksai Chin connecting Xinjiang and Tibet. China further increased patrol in the region. This led to India ordering “**Forward Policy**,” setting up outposts behind Chinese troops to cut-off their supply lines and force them to return to China. In response, China went for “**Armed Coexistence**” policy, fortifying its positions and increasing deployment.

It ultimately resulted in war with China along both eastern and western sectors. China launched attack on 20th October 1962 in both sectors. Despite military conflict, neither side declared war and diplomatic engagements continued. The conflict ended with a humiliating loss to India and China unilaterally declaring ceasefire on 20 November 1962, and simultaneously announced its withdrawal to its pre-war position, presently known as the Line of Actual Control.

In 1986-87, a military stand-off took place in the **Sumdorong Chu Valley** bordering the Tawang district of Arunachal Pradesh. It began with China moving its troops to Wangdung, a pasture to the south of Sumdorong Chu. Both the sides moved a large number of troops to the region with deployments and counter-deployments. The crisis was diffused after visit of Indian Foreign Minister N D Tiwari to Beijing in May 1987, enroute to North Korea. But the eyeball-to-eyeball confrontation between Indian and Chinese troops ended only in August 1995.

A warming trend in relations was facilitated by Rajiv Gandhi's visit to China in December 1988. During the visit, both sides agreed to reduce tensions on the border and setup a Joint Working Group (JWG) to resolve boundary dispute. The two sides issued a joint communiqué that stressed the need to restore friendly relations based on the Panchsheel.

The relations again hit a low point with India's testing of nuclear weapons and Defence Minister George Fernandes declared China as “**threat number one**,” hinting the weapons aimed to defend against China. In 1998, China was one of the strongest international critics of India's nuclear tests and entry into the nuclear club. During the 1999 Kargil War, China voiced support for Pakistan, but also counselled Pakistan to withdraw its forces.

Though the relations strengthened since the dawn of 21st century with bilateral trade surpassing \$10 billion in 2004, but occasional issues like denial of visa for Arunachal Pradesh citizens and stapled visas for those from Jammu and Kashmir kept emerging.

In 2003, China officially recognised Indian sovereignty over Sikkim as the two countries moved towards resolving their border disputes.

In 2006, China and India re-opened the Nathula pass for trading. Nathula had been closed for 44 years prior to 2006. The re-opening of border trade helped in easing the economic isolation of the region.

2013- Depsang Standoff, 2017- Doklam Crisis, 2020 Galwan Clashes have resulted in severe deterioration in bilateral relations. India has also pushed back against Belt and Road Initiative since it ignores India's concerns about its territorial integrity. India has also imposed restrictions on Chinese apps, prior security clearances for Chinese businessmen, academics, industry experts, and advocacy groups; reducing import dependence on China while deepening its cooperation with USA.

Key agreements with China

1. The **Border Peace and Tranquillity Agreement** signed by China and India in September 1993, agreeing to maintain the status quo on their mutual border pending an eventual boundary settlement.
2. The **Agreement on Military Confidence Building Measures**, 1996, pursuant to the 1993 agreement, incrementally details the military confidence building measures to be implemented that would ensure no-war.
3. The Protocol for the Implementation of **Military Confidence Building Measures**, 2005 further discussed modalities to implement the confidence building measures.
4. **Border Defence Cooperation Agreement (BDCA)** in 2013 covers border stability and security, information asymmetry, smuggling, socio-economic reconstruction, environment and disease transmission along the line of actual control.

At the launch of Asia Society policy Institute, Dr Jaishankar said that the state of the border will determine the state of the India China relationship. He said that for ties to return to a positive trajectory and remain sustainable, they must be based on the three mutuals – mutual sensitivity, mutual respect, and mutual interest.

Significance of China:

1. **India's largest neighbour with longest unresolved borders:** Both share 3488 km of border with dispute in both western and Eastern sectors.
2. **Among India's largest trade partners:** Currently, China is second largest trade partner of India with bilateral trade amounting to more than \$135.98 billion.
3. **Increasing Chinese footprints in South Asia:** Chinese has projects in all of Indian neighbours except Bhutan, giving it significant leverage in South Asia and the Indian Ocean region.
4. Adversarial neighbour with history of conflict: Occasional conflicts in 1962, 1967, 1986-87, 2020.
5. Most important ally and supporter of Pakistan, helping it at various fora including UNSC.
6. No limits relationship with Russia

7. Major trade partner of more than 120 countries.
8. Most of supply chains are China-linked
9. Permanent members of UNSC
10. Second largest economy and third strongest military
11. Revisionist Power
12. Misadventurism in Indo-Pacific with island building and militarisation of South China Sea

Border Disputes between India and China



Packaged Solution:

The dispute is in two sectors; Western Sector and Eastern Sector, with Central sector largely remaining peaceful. In the Western sector, While India argues **Johnson line** as the boundary, China terms **McCarthy-McDonald line** as the boundary. In the eastern sector, India terms **Mcmahon Line and the Himalayan ridges** as the geographical boundary of the subcontinent, China calls for historical and cultural relations of Tibet and Tawang.

China made the so-called "package" offer in 1960 and in 1980–85. As explained by former foreign secretary Shyam Saran, China "would be prepared to accept an alignment in the Eastern Sector, in general conforming to the McMahon Line, but India would have to concede Aksai Chin to China in the Western Sector.

In 1985 China made modifications to the package— "the Indian side would have to make significant and meaningful concessions in the Eastern Sector... for which China would make corresponding but undefined concessions in the Western Sector". Additionally, Tawang was brought up "as indispensable to any boundary settlement". These changes in the package proposal by China remained till at least 2015.

Tawang: Tawang is the Western most district of Arunachal Pradesh. It is 16 km south of the Line of Actual Control and an important centre of Tibetan Buddhism.

Importance of Tawang Plateau:

- Tawang is the birthplace of sixth Dalai Lama Tsangyang Gyatso, who was reincarnation of the **fifth Dalai Lama Ngawang Lobsang Gyatso** or Great Fifth, **the first Dalai Lama to become the spiritual and temporal head of Tibet**. Since Tawang is the birthplace of sixth Dalai Lama, this gives India permanent locus standi in the hallowed Dalai Lama institution.

- **Tibet factor:** The Upper Siang district in Tawang has a visible and strong Tibetan presence and China is threatened by a clandestine Pan-Tibetan Movement from across the Indo-China border. The fears of this movement are



vindicated by the presence of Dalai Lama and the Tibetan Government in Exile in Dharamsala, Himachal Pradesh.

- The Tawang monastery is the largest Tibetan Buddhist monastery in the world after the Potala Palace.
- **Strategic Importance:** By geographical contiguity, Arunachal Pradesh provides security to the Kingdom of Bhutan in its entire eastern flank. If Tawang is absorbed by China, then Bhutan would be surrounded by China on both its flanks which would be unfavourable for India's security. China can coerce Bhutan as per its needs.
- Tawang is critical as the **strategic Bum La Pass**, through which PLA troops invaded the Northeast in 1962, lies north of Tawang town.
- Arunachal Pradesh is the shortest route to China. If any future conflict with China arises, swift deployments can be ensured through Arunachal Pradesh, which is highly disadvantageous for China.
- If China plans any air operations, then Arunachal Pradesh would provide India with multi-layered air-defence deployments on the ground as deterrence which would be detrimental for China.

- Another area of core importance is that if China manages to encroach upon Tawang; it would also give China easy access to the Siliguri Corridor or the Chicken's neck of India.

Factors behind ongoing border dispute:

1. India's infrastructure build-up in the region like all weather roads, Advanced Landing Ground to Daulat Beg Oldie etc.
2. To divert attention from internal discontent due to Covid-19.
3. Response to India's involvement in Doklam incident.
4. Response against increasing India's proximity to the USA and west.
5. Send a message to India and the region
6. Change in the status of Ladakh



Economic Relations:

Starting with a modest \$ 1.83 billion in 2001, India's total trade with China increased to \$125.7 billion in the 2021. In 2022, bilateral trade was more than \$135.98 billion with a deficit of over \$100 billion. Chinese exports to India were at \$118.5 billion and imports from India at \$17.48 billion.

Officially, China's FDI in India stands at over \$2.34 billion. A report titled “**Chinese Investments in India**” by Gateway House estimates that the total value of Chinese investments in Indian startups between 2015 to 2020 is approximately US \$4 billion. In fact, as of March 2020, 18 out of 30 Indian unicorns are heavily backed by Chinese investments. But since April 2020, less than a quarter of 435 FDI applications have been approved.

In April 2020, India tweaked its FDI policy making it mandatory for entities from countries sharing borders with India can invest only under the “Government route”. As per experts, this was indirectly aimed at China, to curb opportunistic takeovers/acquisitions of Indian companies due to Covid-19 pandemic.

Challenges in economic domain:

1. **High trade deficit:** Crossed \$100 billion in FY23.
2. Barriers for Indian companies in entering Chinese markets
3. **Nature of relationship-** India as supplier of raw materials and China as exporter of finished goods.
4. Fear of data security and Chinese spying
5. Concerns about weaponisation of trade
6. Absence of reciprocity from China

7. Substandard products and loss to Indian manufacturers
8. China's aggressive posturing at the borders

Recent Initiatives:

1. **Atmanirbhar Bharat** to reduce import dependence and boost exports by giving a push for domestic manufacturing.
2. **Supply Chain Resilience Initiative** to diversify and de-risk supply chains.
3. **Banning of Chinese apps:** More than 200 apps have been banned on the ground of posing threat to privacy and security of India.
4. In April 2020, prior government approval needed for investment from countries that share land border with India.
5. After June 15, telecom companies can only buy certain types of equipment from government-approved "trusted sources".
6. **Production-linked incentive (PLI)** scheme- in bulk drugs, mobile manufacturing etc.
7. From November 1, 2023, it will restrict the import of laptops, computers, and their components without a license. However, the government has allowed restriction-free imports but launched a new system of "authorisation" aimed at monitoring shipments of such hardware without hurting market supply.

Security cooperation:

- An agreement on security cooperation between the ministry of home affairs of India and the ministry of public security of China to strengthen and consolidate discussions and cooperation in the areas of counter-terrorism, organized crimes, drug control and other such relevant areas.
- **Hand in Hand exercise-** India-China joint military exercise to enhance interoperability between the two armies to counter-terrorism.

Challenges in Security Domain:

- Border dispute between two nations and China's salami slicing technique.
- China preventing designations of terrorists at the UNSC under 1267 sanctions committee. In June 2023, China blocked Indian proposal to designate Pakistan-based Lashkar-e-Taiba terrorist Sajid Mir as a global terrorist for his involvement in the 26/11 Mumbai terror attacks.
- China's support to Pakistan and challenges of a two-front war.
- Concerns about China's support to the insurgents in the North-east. Centre informed UAPA tribunal that Paresh Barua led ULFA (I) is based in Yunnan province in China.

Steps Taken

1. Mirror deployments along Ladakh border.
2. Rapid infrastructure upgradation along Northern border along with acquisition of key Platforms like fighter jets, UAVs etc, for surveillance.

3. Indian Army has carried a major reorientation towards the LAC, under which several formations facing the western front were re-tasked to the LAC, in the backdrop of heightened Chinese activity across the LAC.

Avenues of Cooperation:

1. Membership of multiple platforms like BRICS, SCO etc.
2. Common position on WTO reforms
3. Common position Climate change negotiations
4. A more fair and just global governance through World Bank and IMF reforms.
5. Tackling terrorism which presents threat to both India and China.
6. **Energy security**- Scope for R&D in the field of green energy.
7. Achieving sustainable development goals.

Areas of divergence:

1. Border disputes
2. Trade imbalance- India has continuously complained about lack of access to Chinese markets.
3. River water cooperation over Brahmaputra River and China's dam building.
4. **Future of Dalai Lama**: China calls current as a “**wolf in Ship's clothing**” and a separatist. Beijing has said that Dalai Lama's successor needs its approval.
5. **South China sea**: While India has called for rule-based order, China has gone for aggressive island building and their militarisation in the South China Sea.
6. Differences over Indo-pacific and QUAD: China has rejected these as cold-war mentality.
7. **Vision about order in Asia and global order**: China wants a unipolar Asia and China-led global order.
8. Differing positions on **Belt and road initiative**: India has opposed BRI over compromising India's territorial integrity.
9. China's support to Pakistan Vs. deepening of India-USA partnership
10. China's **debt trap diplomacy** particularly in India's neighbourhood
11. China has been opposed to India's membership to various platforms like UNSC and NSG.
12. China has put hold multiple times on listing proposals to designate Pakistan-based terrorists under the 1267 Al Qaeda Sanctions Committee regime.

Belt and Road Initiative

China's Belt and Road Initiative is a global infrastructure development strategy adopted by the Chinese government in 2013 to invest in nearly 70 countries and international organizations. It is a strategy initiated by the People's Republic of China that seeks to connect Asia with Africa and Europe via land and maritime networks with the aim of improving regional integration, increasing trade and stimulating economic growth.



By the end of 2016, more than 100 countries had expressed their support for and willingness to participate in the building of the BRI project, and 39 countries and international organizations have signed 46 agreements with China for this.

Till date, 147 countries—accounting for two-thirds of the world's population and 40 percent of global GDP have indicated their interest in the project. In total, China has already spent an estimated \$200 billion on such efforts. Morgan Stanley has predicted China's overall expenses over the life of the BRI could reach \$1.2–1.3 trillion by 2027, though estimates on total investments vary.

Significance:

1. The Asian Development Bank estimated that the region faces a yearly infrastructure financing shortfall of nearly \$800 billion.
2. Bridge the financial gap and supplement institutions like World Bank and Asian development Bank.
3. Create new growth poles and spur investment.
4. Support rapid development of developing nations and least developed countries.
5. Help in swifter global recovery and create demand.
6. Can help in reducing western dominance on global finance.

Challenges:

1. Lack of transparency
2. Little concern for environment and labour norms.
3. Lacks involvement of civil society, local groups etc. in decision making in recipient nations.
4. Has led to unsustainable debt burden for developing nations like Sri Lanka, Kenya etc.
5. Seen as vehicle for China's geopolitical dominance
6. Alternative initiatives by other nations like USA, EU, Japan etc.
7. **Italy**, the only major nation to sign up for BRI has declared its exit. Italy's Defence Minister Guido Crosetto said that the decision to join the BRI was an improvised and atrocious act that multiplied China's exports to Italy but did not have the same effect on Italian exports to China.

India's criticism:

1. Violates India's sovereignty and territorial integrity
2. Lacks transparency and accountability
3. May lead to unsustainable debt for communities
4. balanced ecological and environmental protection and preservation standards



Global Response to BRI:

USA: Blue Dot Network and BUILD Act

Blue Dot Network: The Blue Dot Network aims to promote quality infrastructure investment that is open and inclusive, transparent, economically viable, Paris Agreement aligned, financially, environmentally and socially sustainable, and compliant with international standards, laws and regulations. To accomplish this, the Blue Dot Network will certify infrastructure projects against robust criteria and standards.

The United States, Australia, and Japan are working with the OECD to develop a methodology and metrics for certification of infrastructure projects based on these principles.

Build Act: The Better Utilization of Investments Leading to Development Act (BUILD Act) Aims at facilitating the participation of private sector capital and skills in the economic development of countries with low or lower middle-income economies. It creates US International Development Finance Corporation (USIDFC) whose role is to facilitate sustainable, broad based economic growth, poverty reduction, and development.

Japan: Asia-Africa Growth Corridor - The Asia-Africa Growth Corridor or AAGC is an economic cooperation agreement between the governments of India, Japan, and multiple African countries. It is a collaborative effort to promote development, connectivity and cooperation between Asia and Africa as part of a ‘liberal and value-based order’.

European Union: Global Gateway Plan- Announced by European Commission to mobilise EURO 300 billion by 2027 in public and private infrastructure investment around the world.



South China Sea

It is a marginal sea in the Western Pacific surrounded on the northeast by the Taiwan Strait; on the east by Taiwan and the Philippines; on the southeast and south by Borneo, the southern limit of the Gulf of Thailand, and the east coast of the Malay Peninsula; and on the west and north by the Asian mainland.

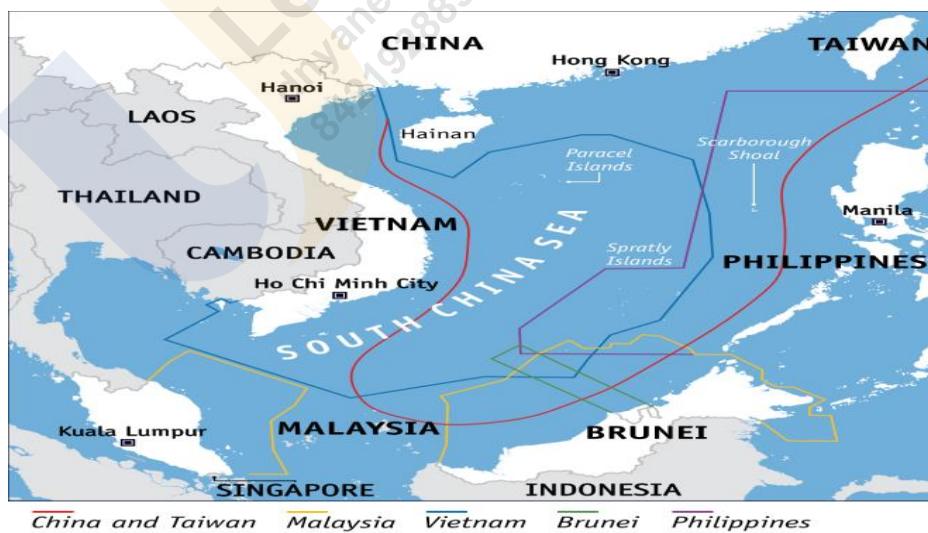
The name “South China Sea” given by Japan during its military occupation of the surrounding regions during Second World War. However, after Spartley Islands disputes between China and Philippines stared calling its as **West Philippines Sea**.

The South China Sea contains over 250 small islands, atolls, cays, shoals, reefs, and sandbars, most of which have no indigenous people, many of which are naturally under water at high tide, and some of which are permanently submerged.

Several countries have made competing territorial claims over the South China Sea. China has claimed almost entire South China Sea demarcating its claims within “nine-dash line” (Taiwan refers to it as eleven-dash line), which overlaps with the claims of virtually every other country in the region. In January 2022, The US state department called China's claims in the South China Sea "unlawful.

Significance:

1. The U.S. Geological Survey estimates that the sea contains as much as 290 trillion cubic feet of natural gas.
2. The South China Sea also accounts for about one-tenth of the entire annual global fish catch.
3. Strategic Importance: This sea is the connecting link between the Indian Ocean and the Pacific Ocean (Strait of Malacca).
4. one-third of the global shipping passes through South China Sea. As of 2016, \$3.4 trillion of world's \$16 trillion maritime shipping passed through South China Sea.
5. 80 percent of China's energy imports and 39.5 percent of China's total trade passes through the South China Sea.



Origin of Nine-dash Line:

The origin of the line goes back to 11-dash line on 1947, an attempt by Chinese geographer Yang Huai ren to catalogue China's maritime treasures for the Kuomintang government. In 1952, Communist government of China, in the spirit of Communist solidarity, handed over the Gulf of Tonkin to Vietnam, making it a nine-dash line.

There is little historical evidence since Chinese empires were continental kingdoms rather than a maritime one. But Chinese scholars claim sovereignty based on pottery shards to navigational handbooks used by Chinese fishermen. Other nations that share the waterway, such as Vietnam, Malaysia and the Philippines, have their own archaeological finds that they say prove their peoples also roamed the South China Sea. Earlier, Chinese maps gave scant attention to the South China Sea. But this began to change after 2009, when a map with the nine-dash line was attached in a submission to the U.N. during a dispute with Vietnam.

Disputes in South China Sea:

- The nine-dash line area: Claimed by China and overlaps with the exclusive economic zone claims of Brunei, Indonesia, Malaysia, the Philippines, Taiwan and Vietnam.
- **Sparly Islands:** Claimed by China as its integral part. Similar is the argument of aiwan. Vietnam argues that China had never claimed sovereignty over the islands before the 1940s. It has actively ruled over both the Paracels and the Spratlys since the 17th Century - and has the documents to prove it. Philippines invokes geographical proximity to the Sparly islands to lay its claim.
- **Scarborough Shoal:** It is claimed by Philippines, Taiwan and China
- **The Paracel Islands** are claimed by China, Taiwan and Vietnam.

In 2013, Philippine took the matter of dispute in South China Sea including nine-dash line to the **Permanent Court of Arbitration (PCA)**. China declared non-participation in the arbitration and argued that the tribunal lacks jurisdiction. In July 2016, the PCA held that the nine-dash demarcation could not be used by Beijing to make historic claims to the South China Sea. China has "no legal basis" for maritime claims. The tribunal also found that China's actions in the region, including building of artificial islands and interfering with fishing and oil exploration, violated the Philippines' sovereign rights.

Since 2009, China has advanced its territorial claims in this region through a variety of tactics—such as reclaiming land, militarizing islands it controls, and using legal arguments and diplomatic influence—without triggering a serious confrontation with the United States or causing a regional backlash. China has also gone for militarisation of these islands by creation of runways, helipads etc.

China's ability to control this waterway would be a significant step toward displacing the United States from the Indo-Pacific region, expanding its economic influence, and generally reordering the region in its favour.

Though US does not have any direct involvement in the disputes, it has Philippines as ally. US navy goes for **freedom of navigation operations ("FONOPs")** in effort to challenge China's

claims in the region and to assure its partners. In response China goes for criticism of such exercises and taking aggressive manoeuvres like locking radar on US aircrafts, conducting frequent and provocative military exercises. Such aggressive manoeuvres might spiral into active conflicts, destabilising and whole region and the world.

India's stance on the dispute:

In the past, India has avoided taking sides in the South China Sea dispute. But in June 2023, In a joint statement with Philippines, India for the first time asked China to abide by UNCLOS in South China Sea. It asked China to abide by 2016 legally binding ruling.

South China Sea Code of Conduct:

The overlapping claims on the Exclusive Economic Zone (EEZ) in the SCS have become a significant source of regional tensions and instability. The ASEAN proposed a regional code of conduct to resolve territorial claims in the SCS. After years of negotiation with ASEAN, a non-binding Declaration of Conduct was agreed upon in November 2002 in Phnom Penh, Cambodia. The DOC aimed to promote peace, stability, and cooperation in the South China Sea region by providing a framework for managing disputes. It called upon the parties to exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability. It urged for respecting the freedom of navigation and overflight in the South China Sea in accordance with international law.

Despite China's proposal to complete negotiations by 2021, it has not been eager, China has continued to seize new lands and militarisation of the islands. Moreover, while most of the ASEAN member states appear to support the COC as legally binding, China has been opposing the binding nature of the COC.

Russia-China Relations

Western sanctions on Russia have brought Russia and China together. China has become a reliable customer for Russian Gas. Russia has also exported S-400 missile defence system, Su-35, Missiles, Naval assets to China. From 2016-20, China was second largest customer for Russian armaments with 77% of total imports from Russia.

Both nations have signed a 30- year gas-deal worth \$400 billion via a new pipeline. Since annexation of Crimea, the bilateral trade has increased by 50% and China has become the biggest destination for Russian exports. Bilateral trade has crossed \$150 billion. Both have declared "No limit partnership."

Just before beginning of Russian military action in Ukraine, Russia and China unveiled "no limits partnership" with no forbidden areas.

During Ukraine crisis, China had been at the forefront of supporting Russia and criticizing west for sanctions. At the UNGA meet to suspend Russia from UNHRC, China voted in favour of Russia, while India abstained.

Both have also held military exercises and naval drills alongside Iran in the Indian Ocean. Both sides have declared collaboration on **space, climate change, the Internet, and artificial intelligence**.

On Indo Pacific and QUAD, Russia has taken the Chinese line in criticizing it. It continues to support the idea of Asia Pacific.

Complementarities:

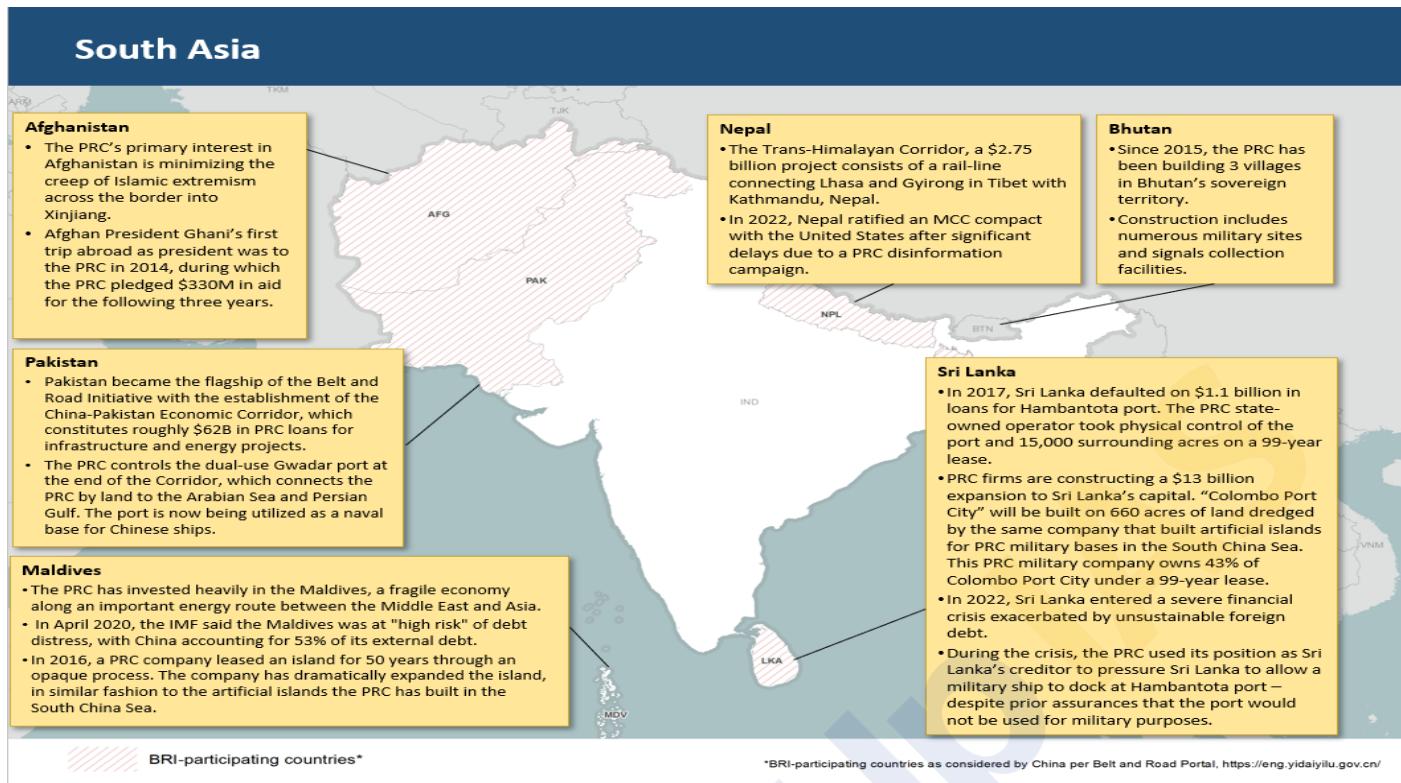
1. Both Russia and China view USA as common challenge.
2. Similar type of governments and leadership: Both have authoritarian communist regimes.
3. Economic complementarities: While Russia is a supplier if raw materials and energy, China needs raw materials and energy and is a manufacturing powerhouse.
4. Cooperation between EEU and BRI: This will reduce trade berries, simplify custom procedures resulting in deeper integration between two economies.

The long-term effort of China has been to diversify its energy supplies away from the strategically vulnerable maritime route to the more secure landward supply routes from Russia and Central Asia. Chinese energy security is enhanced through a long-term energy partnership with Russia and this is also an important driver of the strategic partnership.

Contradictions:

1. Chinese worldview is a leading global power and Russia's unwillingness to be a junior partner of China.
2. Historical animosity: Both nations had border disputes and Russia looks at China with suspicion.
3. Russia has concerns about increasing Chinese influence in Central Asia, Russia's own strategic backyard.
4. Bilateral relations dependent mainly on external factors

China in South Asia



- Pakistan:** China's total debt to Pakistan is more than \$77 billion, around 1/3rd of Pakistan's total debt. **China-Pakistan Economic Corridor (CPEC)** alone is worth more than \$65 billion.
- Nepal:** China and Nepal agreed to build the **Trans-Himalayan Multi-Dimensional Connectivity Network** or **Trans-Himalayan network**, as part of Belt and Road initiative.
- Sri Lanka** owes \$7.4 billion, around 20% of Sri Lanka's total debt. China didn't come forward for helping Sri Lanka during its severe economic crisis. It has also not joined the official creditors' platform negotiating a common debt treatment plan with Sri Lanka, rather negotiated individually.
- Afghanistan:** China has welcomed Taliban-appointed Afghanistan's ambassador to China. It has also attempted to engage economically with Taliban dispensation.
- Himalayan QUAD:** China working along with Nepal, Pakistan, and Afghanistan.
- Bhutan:** China and Bhutan have agreed on a Three-step roadmap for expediting the boundary negotiations to settle border dispute.
- Maldives:** Approximately 70 percent of the Maldives' total debt is attributed to Chinese projects. The new Maldivian President Mohamed Muizzu is also considered Pro-China, while he has said about balancing relations with India and China.

Shanghai Cooperation Organisation

The Shanghai Cooperation Organisation (SCO) is a transcontinental political, economic, and security organisation. In terms of geographic scope and population, it is the world's largest regional organization, covering approx. 60% of the area of Eurasia, 40% of the world population, and more than 30% of global GDP.

SCO comprises nine member states: **India, Kazakhstan, China, Kyrgyz Republic, Pakistan, Russia, Tajikistan, Iran and Uzbekistan.**

The **Heads of State Council (HSC)** is the supreme decision-making body in the SCO. It meets once a year and adopts decisions and guidelines on all important matters of the organisation. The organisation has two permanent bodies — the SCO Secretariat based in Beijing and the Executive Committee of the Regional Anti-Terrorist Structure (RATS) based in Tashkent.

Regional Anti-Terrorist Structure (RATS):

- Established in 2004 in Tashkent, Uzbekistan as a permanent organ of the SCO
- Promotes cooperation of member states against the three evils of terrorism, separatism and extremism.
- **Maintains working relations** with institutions of the member states and international organisations tackling terrorism, separatism and extremism.
- Assists member states in preparation and conduct of counter-terrorism exercises and other activities to fight terrorism, separatism and extremism.
- **Prepares and holds scientific conferences and workshops,** assistance in sharing experience in the field of fighting terrorism, separatism and extremism.

Main goals of SCO:

1. Strengthening mutual trust and neighbourliness among the member states.
2. Promoting effective cooperation in trade, economy, research, technology and culture, energy, transport, tourism, environmental protection, and other areas.
3. Making joint efforts to maintain and ensure peace, security and stability in the region.
4. Moving towards the establishment of a democratic, fair and rational new international political and economic order.

Significance:

1. Largest regional organisation in terms of population and geography
2. RATS can be critical in counter terrorism cooperation
3. Its emphasis on connectivity can give boost to regional connectivity
4. Can play a role in stabilising Afghanistan
5. Can be a platform for ensuring stability in the Eurasian region

Importance for India:

1. Makes India part of Eurasian Security architecture
2. Helps India in breaking out of South Asian geography

3. India's membership of the SCO is in line with its current policy of multi-alignment and maintaining its strategic autonomy.
4. Can help in tackling non-Pakistan centric terrorism and extremism challenges
5. Membership of the SCO could be an attempt to increase engagements with the Eurasian region and also intensify its close ties with Russia.
6. Platform for engaging with Pakistan at a time when SAARC remains dysfunctional.
7. SCO can act as a guarantor for projects such as the TAPI (Turkmenistan-Afghanistan-Pakistan-India) to bolster economic ties between Afghanistan, South Asian and Central Asian countries.

Challenges:

1. Mutual distrust among members
2. Most of the members have anti-West stance and the platform is seen as a counter to NATO
3. SCO members prefer to tackle security issues at the bilateral level. Friction and distrust between members prevent the SCO from forming a unified policy on security issues in Afghanistan.
4. It has played limited role in stabilising Afghanistan after USA withdrawal.
5. Platform can get polarised due to Pakistan attempt of settling bilateral scores with India.
6. After Ukraine crisis, the distrust among Central Asian Republics towards Russia has increased. They are looking at new partners.

Challenges for India:

1. Balancing its partnership with the West, QUAD vis-à-vis SCO membership
2. Membership of Iran makes it a more discernible anti-West platform.
3. Presence of Pakistan makes action against terror More challenging
4. India is the only member which opposes BRI initiative
5. Ongoing border tensions with China has further limited scope for cooperation.
6. China blocking designation of terrorists at the UNSC exposes the limits of counter-terrorism cooperation.
7. Engaging with Central Asia in the face of China-Russia No-Limits Partnership.

India's Presidency of the SCO:

India holds the rotating presidency of the SCO for 23rd summit held on 4th July 2023. The theme was “**Towards a SECURE SCO**”. It stands for S: Security, E: Economic development, C: Connectivity, U: Unity, R: Respect for sovereignty and territorial integrity, E: Environmental protection. **Iran Officially joined as Ninth member**.

It has created **five new pillars and focus areas of cooperation** in SCO. These are Start-ups and Innovation, Traditional Medicine, Digital Inclusion, Youth Empowerment and Shared Buddhist Heritage.

AT the SCO summit meet 2023 (Took place virtually)

1. Russia talked about standing up to western sanctions, China tried to hard sell Belt and Road Initiative which India is opposed to, while India stressed on the need for respecting sovereignty and regional integrity, a veiled criticism of China.
2. India and Pakistan took pot-shots at each other on terrorism and alleged targeting of minorities.
3. India, however, remained isolated in its opposition to the BRI as all other members endorsed the paragraph on supporting the initiative in the economic strategy statement.

The disagreements expose the limits of cooperation under the SCO framework.

Outcomes of the Summit:

New Delhi Declaration: The international community must come together to "counter the activities of terrorist, separatist and extremist groups, paying special attention to preventing the spread of religious intolerance, aggressive nationalism, ethnic and racial discrimination, xenophobia, ideas of fascism and chauvinism."

Joint Statement: Two thematic joint statements - one on cooperation in countering the radicalisation leading to separatism, extremism, and terrorism and the second one cooperation in the field of digital transformation.

BRICS

BRICS is an acronym coined to associate five major emerging economies: Brazil, Russia, India, China, and South Africa. It is an example of South-south cooperation.

The BRICS have about 26.7% of the world land surface, 41.5% of the world population, 25% of global GDP and 18% of global trade. Four out of five members are among the world's ten largest countries by population and by area, except for South Africa.

Objectives:

1. The BRICS countries act as one to promote a more democratic international system, including advocating reform of the UN Security Council.
2. The BRICS seeks to deepen, broaden and intensify cooperation within the grouping and among the individual countries for more sustainable, equitable and mutually beneficial development.
3. BRICS takes into consideration each member's growth, development and poverty objectives to ensure relations are built on the respective country's economic strengths and to avoid competition where possible.
4. BRICS is emerging as a new and promising political-diplomatic entity with diverse objectives, far beyond the original objective of reforming global financial institutions.

Significance:

1. The BRICS group is a South-South framework for cooperation.
2. Emergence of the BRICS forum as a reflection of a new, multi-polar world order; a result of the shift in economic and political power from the 'Global North' to the 'Global South'.

3. The BRICS countries are trying to position themselves as representatives of the global south, providing an alternative model to G7.
4. Two members are permanent members of UNSC, and rest three are claimants. Two of the members are most populous states. It has militarily most powerful nations.
5. It has created institutions like **New Development Bank** and **Contingency Reserve Arrangement**, that can democratise global financing mechanism.
6. It has become among the most powerful voices on geopolitics, global trade and climate change, giving a strong voice to global South.
7. With three of its members neighbouring Afghanistan, it can play a critical role in stabilizing Afghanistan and ensuring that it does not become a cause for instability in the region.
8. BRICS is attempting to pragmatically shape its counter-terrorism strategy by crafting the BRICS Counter Terrorism Action Plan containing specific measures to fight radicalisation, terrorist financing and misuse of the Internet by terrorist groups.
9. In the ongoing Ukraine crisis, the grouping holds even more importance because of presence of Russia, China and India who are key stakeholders.

Significance for India:

1. Key to achieving a multipolar world.
2. An example of South-South cooperation for mutual growth and development.
3. BRICS platform provides an opportunity for India to balance Russia-China axis.
4. New Development Bank as a source of financing India's infrastructure projects Including \$1 billion under Covid-19 emergency program.
5. Opportunity to cooperate and set agenda with Russia and China on global issues like climate change, terrorism, technology etc.
6. Balancing its diplomatic engagements between global east and global West.
7. Can be instrumental in demand for reform of multilateral systems.
8. Participating in the BRICS platform allows India to shape global governance conversations as a rising power and it underscores New Delhi's desire to maintain autonomy in its decision making.

Achievements of BRICS:

1. The successful lobbying for the International Monetary Fund (IMF)'s quota reforms in 2010.
2. BRICS countries have engaged with each other under a common framework on 15 global issues such as agriculture, trade and national security. Collaboration on agriculture and food security was one of the first initiatives by BRICS nations.
3. BRICS members adopted a common position on UN resolutions on intervention in Libya, on issues concerning the Central African Republic, Sudan, and Cote d'Ivoire, but took divergent positions on the resolution against Syria.
4. BRICS has setup **New Development Bank (NDB)** to provide funding in emerging markets & developing countries (EMDCs) and **Contingency Reserve Arrangement (CRA)** to help nations in their balance of payment crisis.

- According to the latest BRICS investment report from the **UNCTAD released in April 2023**, despite its internal conflicts, the BRICS community has been seen as a success story. Its combined share of global economic output rose from 18% to 26% between 2010 and 2021.
- The growth rate of intra-BRICS exports and the level of foreign direct investment into BRICS countries is above the global average.
- In 2021, the BRICS National Development Bank (NDB) membership expanded to include the United Arab Emirates, Bangladesh, Uruguay, and Egypt.
- At the 15th BRICS summit, six more nations have been invited for the membership: Argentina, Egypt, Iran, Ethiopia, Saudi Arabia and the United Arab Emirates.

Challenges:

- Economic and geopolitical asymmetry between members.
- Western sanctions and trade wars limit scope for Economic Cooperation.
- Increasing heft of China and balancing Chinese interests vis-à-vis interest of other members is becoming more difficult.
- Each nation using the organization to expand their own geopolitical interests. This has restricted the scope for cooperation.
- Intra-BRICS trade remain around 15%. India and South Africa have resisted intra-BRICS FTA as it would polarise BRICS nations between heavily industrialised and lesser industrialised ones.
- Within BRICS, there is a division. Russia and China have taken a clear anti-West stance, but India, Brazil and South Africa enjoy warm relations with the West. Ukraine crisis has further polarised the organization.
- Big ideas like developing a BRICS credit rating agency and creating a BRICS undersea cable never materialized.
- A key agenda behind BRICS was reform of global multilateral order. But the agenda has been put on the backburner in recent years. Both China and Russia have not been proactive about UNSC reform, and China has been creating challenges for India.
- BRICS came into being because of their shared vision of a new global order where no single state nor any alliance should be allowed to dictate terms in international affairs. But it has changed due to China's rise and its revisionist stance.

Challenges for India:

- Balancing between BRICS and deepening cooperation with the West.
- Cooperating with China at the platform while the northern borders remain tense.
- Lack of trust in cooperating with China on areas like digital economy, innovation etc.
- China's attempt to shield Pakistan over the issue of terrorism.
- Maintaining its neutrality over ongoing Ukraine crisis.
- Expanding membership: The concern is the it might tilt the grouping towards China. But it also has some like-minded partners like Saudi Arabia.

New Development Bank

1. Came into existence as a result of agreement signed at sixth summit at Fortaleza, Brazil in 2014.
2. All five members have equal initial contribute of \$10 billion each to bring the total capital to \$50 billion.
3. The bank will have starting capital of \$50 billion, with wealth increased to \$100 billion over time.
4. NDB has approved loans worth **\$32.8 billion** for projects ranging from Mumbai metro lines to solar lighting in Brasilia.
5. Recently Bangladesh, United Arab Emirates (UAE), Uruguay and Egypt were added as new members of BRICS New Development Bank (NDB).

Contingency Reserve Arrangement:

The agreement to create CRA was made at the Fortaleza summit. The CRA was established in 2015 during 7th BRICS summit in July 2015. The BRICS CRA proposes to provide short-term liquidity support to the members through currency swaps to help mitigating Balance of Payments crisis situation, in case such a situation arises.

Idea of developing BRICS Currency

President Putin in his address to the BRICS business forum said about group developing a new global reserve currency. This will facilitate intra-BRICS trade in local currencies, but also firewall their global financial interests.

Brazilian President Lula Da Silva, in the past, had expressed his anguish of dollar domination in Brazilian trade and encouraged the idea of using BRICS as a de-dollarisation coalition.

The Indian government considers Russia and China's efforts to reduce dollar usage more ideological than practical and does not explicitly support the mobilisation of BRICS to challenge the dollar's hegemony. Furthermore, the recent military standoffs between India and China further prevent India from supporting China's plans to dethrone the dollar. But India has continuously tried to reduce dependence on dollars.

Expansion of BRICS membership:

- At the Fifteenth BRICS summit, six countries have been invited to become members: Argentina, Egypt, Iran, Ethiopia, Saudi Arabia and the United Arab Emirates.
- BRICS currently represents around 40% of the world's population and more than a quarter of the world's GDP. With the additions, it will represent almost half the world's population, and will include three of the world's biggest oil producers, Saudi Arabia, the UAE and Iran.
- Purpose- to have both voice and leverage.
- Increasing membership likely to weigh the group in favour of China.
- Russia has supported expansion arguing the BRICS group of countries will be strengthened by adding new members. Strengthening BRICS forms part of Russia's vision of undermining US dominance and building a new multipolar world.

- While China and South Africa support the expansion and Russia should fall in line with China, India and Brazil are concerned that their own influence will diminish.
- Many new members- friend of India. So, challenge to ensure that group doesn't become Chinese bandwagon.

Future of BRICS:

BRICS nations are also contemplating about launch of a new global currency, backed by Gold. If that happens along with increased membership, it could provide alternative to dollar dominance.

In the longer term, BRICS's future as a forum of constructive dialogue and as a promoter for a multipolar shift in world politics, giving more visibility to Global South's perspective, depends much on Russia's and China's stand on whether they will want to engage and to what extent, or rather push for changes desired by them alone.



India- Russia Relations

Russia is among the most trusted partners of India. The relationship has stood the test of time and is spread across military, economic, scientific, energy, anti-terrorism etc. domains. Both nations enjoy special and privileged strategic partnership.

During the freedom struggle, Indian leaders had inclination towards socialism. They were influenced by the Bolshevik Revolution and impressed by the rapid economic development made by Russia through planning. After independence, India too went for planned economic development.

In the post-war era, the relationship was not strong initially. Stalin continued to view Nehru as a leader under the influence of the British and, the policy of non-Alignment pursued by India also caused apprehensions in his mind.

The relationship began to deepen with a visit by Prime Minister Jawaharlal Nehru to the Soviet Union in June 1955. During his visit to India in 1955, Khrushchev announced the Soviet Union support for Indian sovereignty over the disputed territory of the Kashmir region and over Portuguese coastal enclaves such as Goa.

The USSR stepped in when the Western countries refused or were reluctant to help India with its economic development. The first steel plants (Bhilai), chemical fertiliser factories (Sindri), Heavy Engineering establishment (Haridwar and Bhopal) and units to produce life-saving drugs and vaccines (IDPL in Rishikesh) were set up with Russian assistance.

In August 1971, India and USSR signed the **Indo-Soviet Treaty of Friendship and Cooperation**. Soviet Union assured to protect India from my intervention from China or Russia during 1971 Indo-Pakistan war. The treaty strengthened the relationship and tilted India towards USSR.

After disintegration of USSR, Russia economy was in tatters. Russia was trying to get closer to the west and India was also liberalising and trying to diversify its political and economic relationship. As a result, the relationship suffered. On the insistence of USA, Russia blocked the supply of cryogenic technology to India which delayed the GSLV programme.

The Strategic Partnership Agreement was signed between the two countries in 2000. In December 2010, it was further elevated to the level of "Special and Privileged Strategic Partnership".

As per former foreign secretary Ranjan Mathai, the Indo-Russian strategic partnership has been built on five major components: politics, defence, civil nuclear energy, anti-terrorism cooperation and space. Economy has emerged as the new dimension for engagement.

Importance of Russia:

- Permanent member of UNSC, On Kashmir and multiple other issues, Russia has remained the biggest supporter of India in the UNSC.
- Shared vision of a multipolar world and key to ensuring a multipolar Asia.
- Second strongest military power

- Among the largest energy reserves and producer
- Leader in defence manufacturing, civil nuclear and space technology
- Supplies defence platforms without conditionalities
- Opportunity for investment in energy, diamond, timber sector etc.

Institutional level Engagements between India and Russia:

- India-Russia Annual Summit between Indian Prime Minister and Russian President.
- 2+2 dialogue mechanism comprising the foreign and defence ministers of both countries.
- India-Russia strategic economic dialogue: To identify greater synergy in trade and investment
- India-Russia Inter-Governmental Commission on Military and Military-Technical Cooperation
- India-Russia Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC).

India and Russia have agreed to revise bilateral air service agreement for more civilian flights from Russia to different Indian cities.

Economic Cooperation:

- Trade between India and Russia reached the record level of 44.4 billion USD during the financial year 2022-23, surpassing the \$30 billion target by 2025. However, India's exports are just \$2.8 billion.
- Bilateral investment already reached the target of \$30 billion, has been revised upwards to \$50 billion. Both nations went for Rupee-Rouble trade, however negotiations have been suspended.
- Major items of export from India to Russia are pharmaceuticals, telecom instruments, iron and steel, tea, and chemicals, while imports include petroleum, pearl and semi-precious stones, coal, fertilisers, and vegetable oils. In 2023, Russia became largest crude supplier to India.
- In 2019, India pledged a \$1 billion line of credit for the development of Russia's far east (at Eastern Economic Forum).

Challenges:

1. Huge trade deficit in the favour of Russia with lack of diversification. During 2022-23, the bilateral trade deficit was at \$43 billion.
2. USA sanctions on Russia add uncertainty to economic engagement between both nations.
3. Geographical distance and absence of connectivity linkages between India and Russia.
4. Law & order issues and poor contract enforcement in Russia and delays in investment on the part of India.
5. Absence of FTA and bilateral investment treaty (BIT) between India and Russia.
6. Russian economy is mainly dominated by government sector and is marred by high corruption.
7. Delay in operationalization of INSTC

Rupee-Rouble Payment Mechanism:

Indian and Russian Central banks have been in talks Rupee-Rouble payment mechanism that will allow them to circumnavigate U.S. and European Union sanctions on Russia over the war. After months of negotiations, India and Russia have suspended efforts to settle bilateral trade in rupees.

Defence Relations:

- Strongest area of cooperation.
 - Around 70% of Indian defence equipments are of Russian origin. Between 2016 and 2020, India bought 23 percent of Russia's weapons and has remained Russia's biggest customer.
 - Russian equipments are supplied without conditionalities.
 - Russia supplies state of the art military platforms to India and goes for joint development, technology transfer and licensed manufacturing.
 - Unlike USA, Russia supplies and permits licensed manufacturing of the most advance weapon systems to India. Joint development has added more substance to the partnership.
 - Government-to-government deals reduce procurement delays and unnecessary litigations.
- Joint Development: BrahMos Missile.
- Licensed production: Sukhoi-30 MKI, T-90 tank, AK 203 machine guns etc.
- State of the art platforms: S-400 Triumph missile defence system

Challenges in defence cooperation:

1. In the past, there have been delay in timely supply of Spares by Russia.
2. USA sanctions on Russia limit scope for defence cooperation.
3. Russia has also started supplying weapon platforms to China. Since China is an adversary, this can create challenges to the cooperation.
4. Russia still lags in emerging technologies like UAVs.
5. For India, over dependence on one supplier may limit the space for diplomatic manoeuvring.
6. Some of the important joint development projects like FGFA could not take off.
7. India is going for diversification of imports by purchasing from France, Israel etc.
8. Ukraine Crisis has shown the limitations of Russian weapon platforms and superiority of the western ones.

Energy Cooperation:

- ONGC-Videsh has invested over \$8 billion with major stakes in oil fields such Sakhalin-1. Gazprom and GAIL have collaborated in joint development of a block in the Bay of Bengal. Both nations are also engaged in exploration of the Arctic.
- Post Ukraine crisis, Russia has become largest crude importer for India. India is also looking for importing coal from Russia.

Nuclear cooperation:

- The success and operationalisation of Kudankulam Nuclear power Plant is testament to cooperation.
- At Vladivostoc summit, Russia agreed to build over 20 nuclear power units in India, as well as cooperation in building Russia-designed nuclear power stations in third countries, in the joint extraction of natural uranium, production of nuclear fuel and waste elimination.
- Both nations are building a nuclear power plant at Rooppur in Bangladesh.

Connectivity

International North south Transport Corridor:

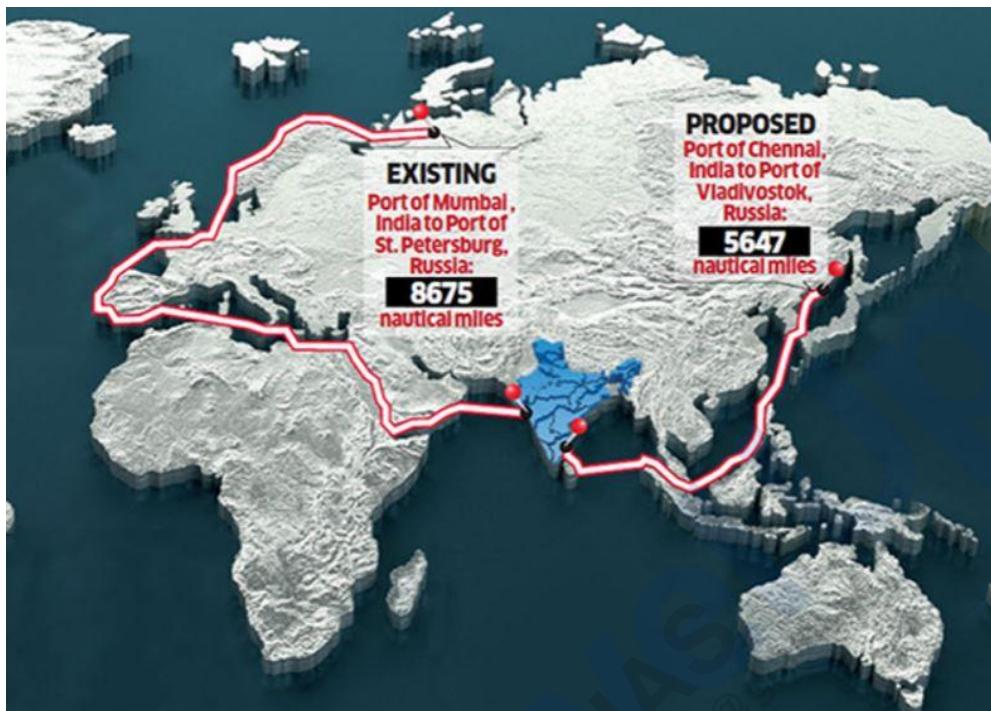
- India, Iran, and Russia had in September 2000 signed the INSTC agreement to build a corridor to provide the shortest multi-model transportation route linking the Indian Ocean and the Persian Gulf to the Caspian Sea via Iran and St Petersburg.
- From St Petersburg, North Europe is within easy reach via the Russian Federation.
- The route primarily involves moving freight from India, Iran, Azerbaijan and Russia via ship, rail and road. The objective of the corridor is to increase trade connectivity between major cities such as Mumbai, Moscow, Tehran, Baku, Bandar Abbas, Astrakhan, Bandar Anzali etc.
- INSTC will not only help cut down on costs and time taken for transfer of goods from India to Russia and Europe via Iran but also provide an alternative connectivity initiative to countries in the Eurasian region. It will be India's second corridor after the Chabahar Port to access resource rich Central Asia and its market.
- INSTC will make cargo transportation 30 per cent cheaper and 40 per cent faster vis-a-vis through the traditional transportation route of the Suez Canal. This means that the transit time of around 45 to 60 days for cargo shipment from Europe to India via the Suez Canal will be reduced to merely 23 days through INSTC.
- On July 7, 2022, Russian company RZD Logistics announced that it has successfully completed its first transport of goods to India via the INSTC.



Chennai-Vladivostok maritime corridor

- Chennai–Vladivostok Maritime Corridor** is a proposed sea route covering approximately 10,300 km, aimed at increasing bilateral trade between India and Russia.
- The Vladivostok-Chennai maritime links were snapped after the breakup of the Soviet Union.
- An agreement was signed between the two countries for the trade route in 2019. In due course, more commodities like oil, liquefied natural gas (LNG), and fertilisers will be added for transported via the Eastern Maritime Corridor.

- The corridor allows India to have a presence in the South China Sea through a trade route, which is primarily aimed at the speedy transportation of coking coal.
- The corridor is estimated to bring down transportation time between Indian and Russian ports of the Far-East Region by over 50 percent (14 - 16 days from the current 40); as compared to the currently used Suez Canal routes.
- India is looking to use the corridor to export items such as automobiles to tap into far east markets.



Convergence between India and Russia:

1. Mutual trust between both nations.
2. Shared vision of a multipolar world order and a multipolar Asia.
3. Economic complementarities in the face of western sanctions and withdrawal of western companies from Russia.
4. Complementarity in energy security: India is import-dependent for energy security and Russia is among the biggest producers.
5. Both nations enjoy strong defence relationship which has expanded to licensed manufacturing and joint development.
6. Indian eagerness to invest in Russia's far east, exploration in the Arctic and Russia's need for investment.
7. Stabilising Afghanistan and tackling terrorism in the region remains a key priority for both nations.
8. Joint investment in a third country- e.g.- Rooppur nuclear plant in Bangladesh

Challenges to India-Russia Relations:

1. Relationship mainly dominated by defence and energy trade. Thus, lacks diversification.
2. Weak economic relationship: Bilateral trade had been stagnant prior to India's crude purchase from Russia. Even presently, energy trade forms the largest share in the trade.
3. Russian adventurism in its region and beyond puts India's diplomatic engagements in a tight spot.
4. USA and European sanctions on Russia put limits to cooperation between both nations.
5. Deepening of Sino-Russian relationship: No limits partnership with no forbidden areas between both nations has emerged as a concern to India-Russia relations.
6. While India is getting closer to the West and Russia is flirting with Pakistan. This has led to mutual suspicion between both nations about each other.
7. Both nations differ over Indo-Pacific and QUAD. Russia has taken the Chinese line and opposes these initiatives, rather than supporting it.
8. Both nations have differences on Ukraine crisis.

Future of Relationship:

India going for neutrality during Ukraine crisis has reenergised the relationship and removed the emerging mistrust within Russia about India's membership of QUAD, Indo-pacific and deepening engagement with the USA and the West.

Suggestions:

1. Need for Russia to curb its adventurism and mend its relationship with the West
2. Need for both India and Russia to understand each other's strategic compulsions
3. Quick signing of the FTA and BIT to deepen economic engagements.
4. Operationalisation of connectivity projects like INSTC
5. Ensuring India's membership of EEU or concluding India- EEU FTA at the earliest.

What should be India's approach:

1. Remain engaged with Russia with free and frank communication over each other's strategic imperatives.
2. Deepen the engagement in economic dimension to achieve the target of \$30 billion bilateral trade.
3. Diversify the relationship through FTA and BIT. \$1 billion line of credit for investment in far east is step in this direction.
4. Strengthen domestic capabilities to emerge as an alternative to China for Russia.
5. Completing the connectivity initiatives like INSTC to reduce time and cost of doing business.
6. Continue to maintain strategic autonomy while going for issue-based alliances.

Pivot to Asia policy: The policy aims to balance Russia's economic interests by deepening its engagement with Asia and reducing dependence on the West and tackle the challenges that have emerged after sanctions imposed after Crimea crisis.

Eastern Economic Forum: The Eastern Economic Forum was established by decree of the President of the Russian Federation Vladimir Putin in 2015 to support the economic development of Russia's Far East and to expand international cooperation in the Asia-Pacific region.

In 2019, India offered a USD 1 billion **line of credit to develop infrastructure in the region.**

New Russian foreign policy document:

Russia will continue to build a particularly privileged strategic partnership with India with a view to enhance and expand cooperation in all areas on a mutually beneficial basis. Russia will place special emphasis on increasing the volume of bilateral trade with India, strengthening investment and technological ties, and ensuring their resistance to "destructive actions of unfriendly states and their alliances".

In the new foreign policy document, **Russia has identified India and China as its main allies at the world stage.**

Eurasian Economic Union (EEAU)

1. The EEAU is an economic union that was established in 2014.
2. Member Countries: Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan.
3. It provides for free movement of goods, services, capital and labour, pursues coordinated, harmonized and single policy in the sectors determined by the member countries.
4. The EEAU is seen as an attempt by Russia to consolidate Russia's hegemony over the erstwhile Soviet Union countries. It is also seen as a counter measure of Russia against its isolation by USA and EU.
5. It will help India-Russia in strengthening their economic relations, tap the Central Asian markets and reduce Russia's dependence on China.

Both India and Russia have set up a joint study group (JSG) to explore the feasibility of a Free Trade Agreement between India and Eurasian Economic Union.

Ukraine Crisis

Reasons behind crisis:

Historical:

1. Russia considers Ukraine as part of common culture and descendants.
2. Ukraine is divided socially as the population in eastern Ukraine is more inclined towards Russia and are Russian speaking While western Ukraine is closer to other European nations like Poland.

Security:

1. Having a large territory but comparatively smaller population, Russia maintains its border security by ensuring the security of its neighbouring nations and keeping them within its own sphere of influence.
2. Russia has always been concerned about NATO reaching to its borders. At **2008 Munich security conference**, Russia had warned not to against including Ukraine.
3. If Ukraine goes with NATO, not only NATO weapons will reach up to Russian land borders, but even Russian naval ships in the black sea would be under threat.

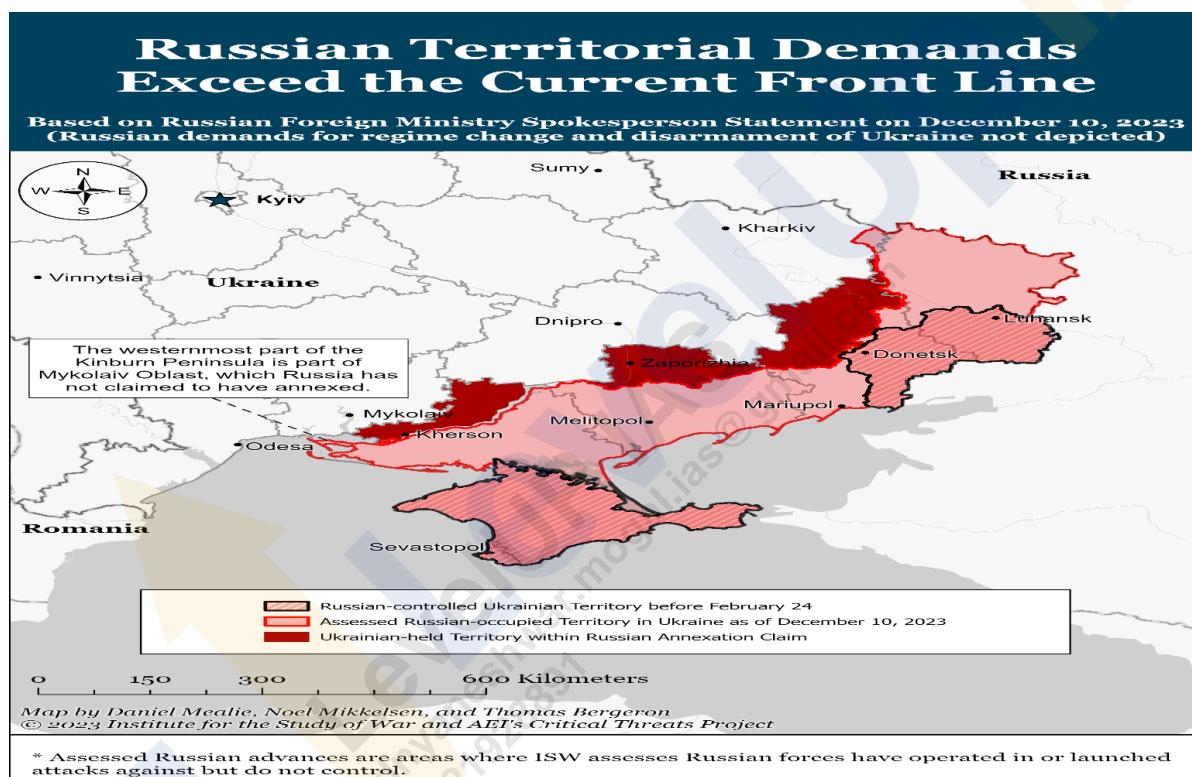
4. Pro-West Ukrainians have always been sceptical of Russia's intentions and wanted NATO's security umbrella.

Geopolitical:

1. The political elite in USA continues to see Russia as a challenger. They do not favour close the relationship between Russia and Europe as this will weaken the global position of USA.
2. Russia has always been sceptical of USA's intentions and continuous expansion of NATO.
3. Russia looks at Zelensky as pro-West and USA hand in removal of pro Russia Viktor Yanukovich.
4. By achieving a swift victory over Ukraine, Russia wanted to send message to the European nations about limitations of dependence on US alliance and NATO.
5. After having succeeded in Syria, this was also an attempt by Russia to establish its geopolitical pre-eminence.

Current impasse:

USA cannot let Russia win as this will be a loss of face for USA after hasty Afghanistan withdrawal. Russia cannot afford to lose as that will be politically very costly for Putin regime.



Impact of Ukraine crisis:

1. High inflation across the globe due to spike in energy and food prices.
2. It has exacerbated the economic recovery post Covid-19.
3. It has exposed the limitations of international rules and organizations like UN and UNSC.
4. It can give rise to a new era of arms race.
5. It can lead to fragmentation of global economy and dedollarization of a large part of global trade.
6. It has reenergised NATO. Finland has joined NATO and Sweden is expected to join, taking the number to 32.

7. It can increase insecurity among smaller nations with stronger neighbours. Economic crisis in smaller states like Sri Lanka and Nepal can be linked to Ukraine crisis.

Evolution in India's position On Ukraine Crisis:

1. India has not taken sides but has advocated for immediate end of war and resolution of dispute through negotiations. However, India's position has evolved gradually.
2. Initially, India talked about legitimate security concerns, which were seen as pro-Russia.
3. India did not condemn Russian actions at any platforms. At UNSC, India abstained from voting.
4. Later, India condemned killings in BUCHA and called for impartial inquiry to fix accountability.
5. Recently, India has also started talking about respect for international law, territorial integrity; which are seen as Pro-Ukraine.

Modi's statement: The Time is not for War (statement made publicly)- seen by the West as shift in India's position on Ukraine Crisis and increasing diplomatic pressure on Russia.

India's Gains:

1. India could underscore its strategic autonomy by withstanding the US and western pressure to take sides and condemn Russia.
2. It has elevated India's diplomatic profile and established India as an indispensable partner in geopolitics.
3. India has been able to deepen the stagnant Economic Cooperation with Russia by importing cheaper Russian crude and exporting medicines and other manufactured products to Russia.
4. There has been a demand from Russian side for Indian businesses and retail sector to replace the western ones.
5. Export of wheat to new markets like Egypt has been another success.

India's Challenges:

1. Diplomatic balancing between Russia and the West over the Ukraine issue.
2. Fear of western sanctions on defence imports from Russia. Example: S-400 Missile defence system.
3. Humanitarian Challenges: Bringing back students and citizens from Ukraine.
4. High inflation due to increased crude prices has dampened the economic recovery.
5. It has resulted in economic crisis in India's neighbourhood. E.g.- Sri Lanka.
6. Increased insecurity in India's neighbourhood since it also has smaller neighbours who have been sceptical of India's intentions.
7. Russia has been unable to honour commitments in delivering vital defence supplies to India. Due to this, IAF has slashed planned capital expenditure by nearly 1/3rd for FY 24.

Ukraine 10-point Peace Plan

- Radiation and nuclear safety
- Food security
- Energy security
- Prisoners and deportees

- United Nations Charter and Ukraine's territorial integrity
- Russian troops and hostilities
- Justice: Establishment of the Special Tribunal regarding the crime of Russia's aggression against Ukraine and the creation of an international mechanism to compensate for all the damages caused by this war.
- Immediate protection of the environment
- Prevention of escalation
- Confirmation of the end of the war

China 12-point peace plan for Ukraine:

In February 2023, In the paper, "China's Position on the Political Settlement of the Ukraine Crisis", Beijing has lists 12 principles.

1. Respecting the sovereignty of all countries
2. Abandoning the Cold War mentality.
3. Ceasing hostilities.
4. Resuming peace talks.
5. Resolving the humanitarian crisis.
6. Protecting civilians and prisoners of war (POWs).
7. Keeping nuclear power plants safe.
8. Reducing strategic risks.
9. Facilitating grain exports.
10. Stopping unilateral sanctions.
11. Keeping industrial and supply chains stable.
12. Promoting post-conflict reconstruction.

- Russia has welcomed the plan saying that the plan "correlates to the point of view of the Russian Federation."
- USA has been sceptical of the plan expressing that it could be "stalling tactic" to help Russian troop on the ground in Ukraine.
- Ukraine has cautiously welcomed that plan but said that it would only be acceptable if Russia pulls out troops from all occupied Ukraine territory.

In March 2023, Russian President Vladimir Putin's announcement that he intends to deploy tactical nuclear weapons on the territory of Belarus. It appears to be another attempt to raise the stakes in the conflict in Ukraine.

Russia has argued that it is deploying in response to US deployments across Europe.

Price Cap on Russian Oil

G7 nations have put a cap on Russian oil at \$60 per barrel to restrict Russia's revenues from Oil sales.

- G7 joint statement: decision was taken to "prevent Russia from profiting from its war of aggression against Ukraine".
- USA: With Russia's economy already contracting and its budget increasingly stretched thin, the price cap will immediately cut into Putin's most important source of revenue.
- Russia: Russia would "not accept" the price cap. it would not supply to countries enforcing it.

- Ukraine said the Western-proposed cap should be halved.
- Western allies also plan to deny insurance to tankers delivering Russian oil to countries that do not stick to the price cap.

Purpose:

- Way to limit Russia's earnings while keeping Russian oil flowing to the global economy.
- Hurt Moscow's finances while avoiding a sharp oil price spike if Russia's oil is suddenly taken off the global market.
- Push Russia towards withdrawal from Ukraine and negotiate the peace.
- Deter Russia's partners from purchasing Russian oil for the fear of sanctions and western displeasure.
- Even with off the book sale using dark fleets, the cap would make it "more costly, time-consuming and cumbersome" for Russia to sell oil around the restrictions.

Challenges to the price cap:

1. Russia, the world's No. 2 oil producer, has already rerouted much of its supply to India, China and other Asian countries at discounted prices.
2. A \$60 cap will not have much impact on Russia's finances because it would be near where Russian oil is already selling.
3. Russia has said it will not observe a cap and will halt deliveries to countries that do. Thus, resulting in energy crisis in Europe during winters.
4. Buyers in China and India might not go along with the cap, due to their energy needs.
5. Russia or China could try to set up their own insurance providers to replace those barred by U.S., U.K. and Europe.
6. Russia also could sell oil off the books by using "dark fleet" tankers with obscure ownership, as have Venezuela and Iran.
7. Other OPEC nations don't agree as they see this as shift of power from sellers to buyers.

India Japan relations

India and Japan share a global vision of peace, stability and shared prosperity, based on sustainable development. Shared democratic values and commitment to human rights, pluralism, open society, and the rule of law underpin the global partnership between the two countries. Both nations have elevated the relations to Special Strategic and Global Partnership.

In 2014, India and Japan upgraded their relationship to 'Special Strategic and Global Partnership'.

Japan PM Kishida: India is “indispensable” in Tokyo’s plan for a “Free and Open Indo-Pacific”.

PM Modi: Strengthening this partnership is not only important for both our countries, it also promotes peace, prosperity and stability in the Indo-Pacific region.

Importance of Japan for India

- A regional power with similar culture, society, and world view.
- Shared stake in the regional stability and the stability of Indo-Pacific.
- Source for investment and technology.
- Critical to the success of Act East Policy and Supply Chain Resilience Initiative.
- With Japan’s target to strengthen its military, will complement India’s efforts in the Indo-Pacific region.
- Preferred partner for joint investment in third country due to Japan’s deep pockets.
- Technological collaboration in green energy, telecommunications, Artificial Intelligence etc.

Economic Relations:

1. Bilateral trade stands at \$ 21.96 billion in FY 2022-23 with Japan enjoying a trade surplus of around \$8 billion.
 - i. India’s primary exports to Japan have been petroleum products, chemicals, elements, compounds, non-metallic mineral ware, fish & fish preparations, metalliferous ores & scrap, clothing & accessories, iron & steel products, textile yarn, fabrics, and machinery, etc.
 - ii. India’s primary imports from Japan are machinery, electrical machinery, iron and steel products, plastic materials, non-ferrous metals, parts of motor vehicles, organic chemicals, manufacturers of metals, etc.
2. Japan is 3rd largest investor in India with cumulative FDI inflows of \$30.27 billion during 2000-2019.
3. India has been the largest recipient of Japanese ODA Loan for the past decades. Delhi Metro is one of the most successful examples. At the Annual summit-2022, Japan agreed invest Rs 3.2 lakh crores in the next five years in India.

4. Japan continues to cooperate in supporting strategic connectivity linking South Asia to Southeast Asia through the synergy between "Act East" policy and "Partnership for Quality Infrastructure."
5. The **India-Japan Comprehensive Economic Partnership Agreement (CEPA)** that came into force in August 2011 covers trade in goods, services, movement of natural persons, investments, Intellectual Property Rights, custom procedures and other trade related issues.
6. Ties between India and Japan on the economic front are way below their potential and India has a lot of catching up to do with China. China accounted for 24 percent of Japan's imports and 22 percent of its exports, while India accounted for 0.8 percent of Japan's imports and 1.7 of its exports.

Security Cooperation:

1. Security pact concluded between Japan and India in October 2008 for joint military exercise and defence technology cooperation.
2. Annual India-Japan 2+2 Foreign and Defence Ministerial Meeting.
3. Both nations have signed agreement Concerning Reciprocal Provision of Supplies and Services between the Self-defence Forces of Japan and the Indian Armed Forces (so-called "Acquisition and Cross-Servicing Agreement" or ACSA).
4. Both are regular participant to Annul Malabar exercise, along with USA and Australia.
5. Bilateral maritime exercise- JIMEX

Cooperation in Infrastructure Development:

1. Japan has supported India's mega infrastructure projects like the Delhi-Mumbai Freight Corridor, Delhi-Mumbai Industrial Corridor, Chennai-Bangalore Industrial Corridor and the Ahmedabad-Mumbai High Speed Rail etc.
2. **Outside India:** Asia-Africa Growth Corridor (AAGC) announced in 2017 and joint projects in some third countries like Bangladesh, Myanmar, and Sri Lanka and in Africa to be taken jointly.
3. Japan and India cooperation on the development of India's Northeast, through the Japan-India Act East Forum. Japan is the only country permitted to invest in India's North East. It has invested \$2 billion in the region.

Political Engagements:

1. Annual summit level dialogue between 2 Prime Ministers.
2. The Act East Forum, established in 2017, aims to provide a platform for India-Japan collaboration under the rubric of India's "Act East Policy" and Japan's "Free and Open Indo-Pacific Vision". Japan is a lead partner on the connectivity pillar of IPOI.
3. Both commit to strong support for ASEAN's unity and centrality and for the "ASEAN Outlook on the Indo-Pacific (AOIP)" which upholds the principles such as the rule of law, openness, freedom, transparency, and inclusiveness.

Sister City Cooperation: promote mutual cooperation between Gujarat and Hyogo (Ahmedabad-Kobe) in the fields of academics, business, cultural cooperation, disaster management and environmental protection.

Digital Sector:

India-Japan Digital Partnership (I-JDP) was launched during the visit of PM Modi to Japan in October 2018 furthering existing areas of cooperation as well as new initiatives within the scope of cooperation in S&T/ICT, focusing more on “Digital ICT Technologies”.

Recent Initiatives:

1. Recently, India, Japan and Australia have formally launched the Supply Chain Resilience Initiative (SCRI) in a move to counter China's dominance of the supply chain in the Indo-Pacific region.
2. In 2020, India and Japan signed Acquisition and Cross-Servicing Agreement (ACSA) to allow armed forces of both sides to coordinate closely in services and supplies.

Convergences between India and Japan:

1. Commitment to free and open Indo-Pacific and ASEAN centrality.
2. Both nations perceive China as a common threat due to territorial disputes and Chinese adventurism in the region.
3. India-Russia-Japan trilateral cooperation for development of Russia's far-east. Both India and Japan participated in Eastern Economic Forum.
4. Agreement over need for diversification of supply chains. India and Japan along with Australia are part of Supply Chain Resilience Initiative (SCRI).
5. Economic complementarities between both nations and joint cooperation for investment in 3rd country/region
6. Both nations have democratic societies, multipolarity and cultural relations.

Challenges:

1. Both nations differ in their views over Ukraine crisis and Russia. While Japan has sided with the USA, India has taken a neutral stance.
2. Bilateral trade remains below potential. China accounted for 24 percent of Japan's imports and 22 percent of its exports, while India accounted for 0.8 percent of Japan's imports and 1.7 of its exports.
3. Challenges faced by Japanese companies in India due to red tapism and complexity of laws.

Pacifism in Japanese Constitution:

Article 9 of Japan 1946 constitution outlaws war as a means to settle international disputes by Japan and also forbids Japan from maintaining an army, navy or air force. There are the post-occupation U.S. military stationed in Japan under the **U.S.-Japan Mutual Cooperation and Security Treaty** and **Japan Self-Défense Forces (JSDF)** which was founded in 1954 as de facto post-war Japanese military.

In 2015, Japanese PM Shinzo Abe government reinterpreted the legislation allow the military to operate overseas for "collective self-defence" for allies.

Japan's worsening regional security environment:

- Disputes with China over Senkaku islands and increasing Chinese intrusions,
- Conflicts in south China sea
- Russian invasion of Ukraine,
- Tension over the Taiwan Strait
- Nuclear and missile ambitions of a more provocative North Korea

All these activities have increased the anxiety among Japanese leaders and politicians.

Japan to strengthen its Military capability

At the Shangri La dialogue 2022, Japan PM Fumio Kishida spoke about Japan reinforcing its military capabilities in the next five years including counter-strike option. This indicates towards increasing domestic pressure within Japan to review its pacifist policy in the light of no limits relationship between Russia and China, Military exercises near its borders and a belligerent North Korea.

The new National Security Strategy (NSS), National Defence Strategy (NDS) and Defence Buildup Programme (DBP), all released on December 16, 2022, entail a number of unprecedented and highly ambitious projects relevant to Japan's own defence capabilities. Japan has said that it intends to raise defence spending to 2 percent of GDP by 2027, or 60 percent over five years. This will give the country the third-largest defence budget in the world. Japan's new national security strategy has argued about Japan taking primary responsibility for its own defence within five years and assume a far more active role in Indo-Pacific security.

Japan's 2023 defence white paper: China, Russia and North Korea contribute to “the most severe and complex security environment since the end of World War II.” It says China’s external stance and military activities have become a “serious concern for Japan and the international community and present an unprecedented and the greatest strategic challenge.”

Japan's free and Open Indo-Pacific Strategy:

In his speech to the Indian Council of World Affairs (ICWA), Japan's PM Kishida unveiled the Japanese plan for a Free and Open Indo-Pacific (FOIP) in his speech entitled “The Future of the Indo-Pacific-Japan’s New Plan for a ‘Free and Open Indo-Pacific-Together with India, as an Indispensable Partner”

The strategy has four pillars:

- Maintaining peace
- Dealing with new global issues in cooperation with Indo-Pacific countries,

- Achieving global connectivity through various platforms
- Ensuring the safety of the open seas and skies.

To achieve this, Kishida pledged \$75 billion to the Indo-Pacific by 2030 through private investments and yen loans, and the ramping up of aid through official governmental assistance and grants.



West Asia

In the West Asia, there are three key powers. Saudi Arabia, Iran and Israel. They push and pull between these three and they are mutually contradictory world views has kept West Asia unstable and a geopolitical hotspot.



Significance of West Asia:

1. The Middle East accounts for 31% of global oil production, 18% of gas production, 48% of proved oil reserves and 40% of proved gas reserves.
2. Land bridge to Asia, Europe and Africa.
3. It has important centres of religions like Islam, Judaism and Christianity.
4. Geopolitical playground for global powers.
5. Key Sea Lanes of Communication and choke points.
6. Centre of global instability due to terrorism, factional wars, migrant crisis and nuclear aspirations.

Key facts about the region:

1. Saudi Arabia is a monarchy while both Iran and Israel are democracies.
2. Saudi Arabia is the leader of sunni world, Iran is a Shia nation while Israel is Jewish and has conflict with the Palestinian people.
3. Both Israel and Saudi Arabia are allies of USA while Iran has conflict with USA and is in Russia's camp.
4. Israel is a nuclear power and a technology leader, Saudi Arabia is a energy leader while Iran energy exports have been restricted by U.S. sanctions.

5. Iran's support to the militias in the region like Hezbollah in Lebanon and Houthi rebels in Yemen directly goes against the interests of Saudi Arabia and Israel.
6. Saudi Arabia looks at looks at Iran's democracy and Muslim Brotherhood as a threat to its monarchy.
7. However, in recent times there have been shift in the geopolitics of the region. UAE, a close partner of Saudi Arabia has gone along with Israel to form I2U2. Saudi Arabia is also in talks with Iran and it has rejected the USA calls for increasing oil production in the wake of high crude prices due to Ukraine war and subsequent sanctions on Russia.

Gulf Cooperation Council:

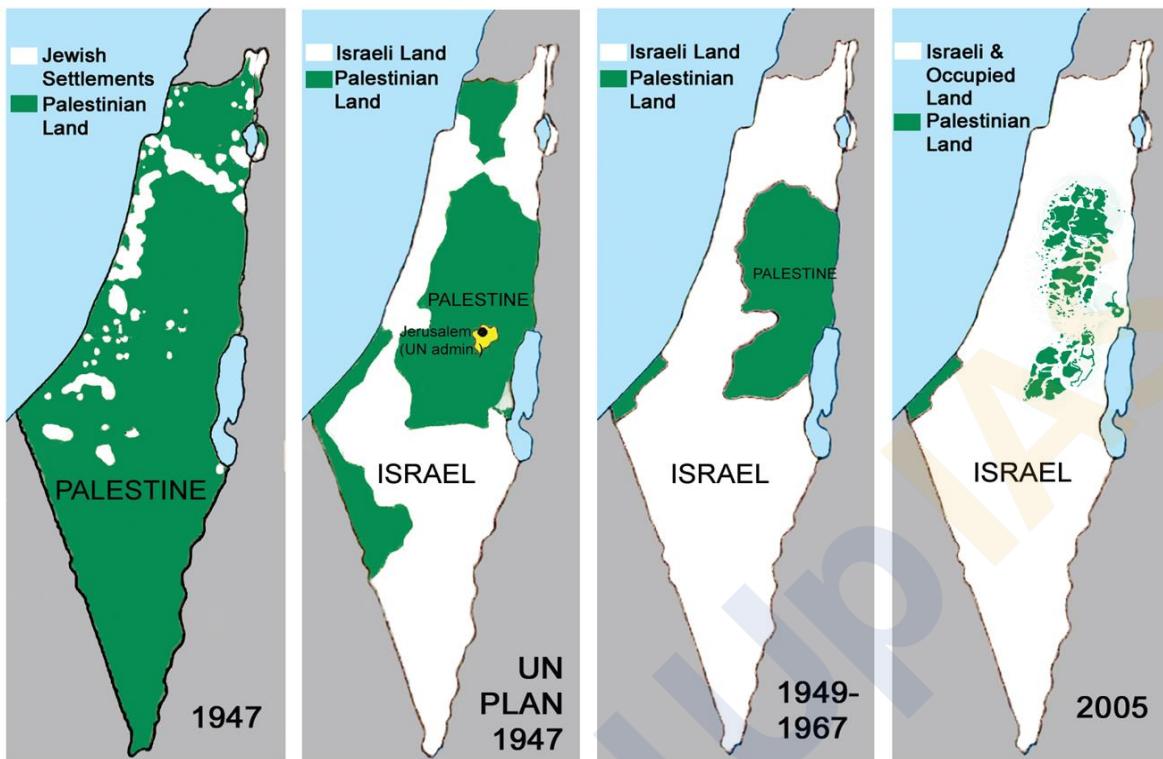
1. A Constitution was initiated in March 1981 and was signed by the Gulf Heads of State (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE) on May 25-26, 1981 at Abu Dhabi, the UAE. Consequently, the Gulf Cooperation Council (GCC) came into existence.
2. The GCC is a political and economic alliance of countries in the Arabian Peninsula.
3. All current member states are monarchies, including three constitutional monarchies(Qatar, Kuwait, and Bahrain), two absolute monarchies (Saudi Arabia and Oman), and one federal monarchy (the United Arab Emirates).
4. During the Arab Spring in 2011, Saudi Arabia raised a proposal to transform the GCC into a "Gulf Union" with tighter economic, political and military coordination, regarded as a move to counterbalance the Iranian influence in the region.

Peninsula Shield Force

- The Peninsula Shield Force (Peninsula Shield) is the military arm of the Gulf Cooperation Council (GCC).
- It is intended to deter, and respond to, military aggression against any of the GCC member countries: Bahrain, Kuwait, Oman, Saudi Arabia, Qatar, and the United Arab Emirates.

ISRAEL

History of Israel-Palestine Conflict:



In 1947, the United Nations adopted Resolution 181, known as the Partition Plan, which sought to divide the British Mandate of Palestine into Arab and Jewish states. On May 14, 1948, the State of Israel was created, sparking the **first Arab-Israeli War**. The war ended in 1949 with Israel's victory, but 750,000 Palestinians were displaced, and the territory was divided into 3 parts: the State of Israel, the West Bank (of the Jordan River), and the Gaza Strip.

In June 1967, Israel re-emptively attacked Egyptian and Syrian air forces, starting the Six-Day War. After the war, Israel gained territorial control over the Sinai Peninsula and Gaza Strip from Egypt; the West Bank and East Jerusalem from Jordan; and the Golan Heights from Syria.

In October 1973 (**Yom Kippur War**), Egypt and Syria launched a surprise two-front attack on Israel to regain their lost territory but lost.

In 1979, **Camp David Accords** were signed between Egypt and Israel led to Egypt recognizing Israel diplomatically. It was followed by Jordan with the **Israel-Jordan Peace Treaty** (1994). In 2020, four more Arab states (**the UAE, Bahrain, Morocco and Sudan**) normalized relations.

Significance of Israel:

1. Most important USA partner in West Asia.
2. Only democracy in the region.
3. A de-facto nuclear power.
4. A key partner in fight against terrorism.
5. A reliable partner in exporting state of the art defence platforms, platform upgradations during critical times.
6. Technology leader in defence manufacturing, UAVs, Agriculture, precision farming etc.

India-Israel Relations:

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. India also dehyphenated its Israel-Palestine relationship.

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.

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 for water-stressed India.

India's policy on Israel-Palestine issue:

1. India's policy on Israel-Palestine conflict has seen a shift. It has gone from being unequivocally pro-Palestine for the first four decades, to a tense balancing act with its three-decade-old friendly ties with Israel. In recent years, India's position has also been perceived as pro-Israel.
2. Since 2014, India has abstained many times from voting on Israel- Palestine issue.
3. During visit by PLO chief Mahmoud Abbas in 2017, the reference to East Jerusalem went missing.
4. Since 2017, there is omission of any reference to East Jerusalem as the capital of a Palestinian state. There is hyphenation of "Haram Al Sharif/Temple Mount", equating claims of both Israel and Palestine.
5. In February 2018, Modi became the first Indian Prime Minister to visit Israel without a parallel visit to Palestine. This was de-hyphenation of the relationship. India would deal with each separately.

India-Iran Relations

Independent India and Iran established diplomatic relations on 15 March 1950. During much of the Cold War, relations between India and the erstwhile Imperial State of Iran suffered due to their differing political interests: India endorsed a non-aligned position but fostered strong links with the Soviet Union, while Iran was an open member of the Western Bloc and enjoyed close ties with the United States.

After the Iranian revolution in 1979, relations between the two states strengthened momentarily. However, Iran's continued support for Pakistan in the India–Pakistan conflict and India's close relations with Iraq during the Iran–Iraq War greatly strained bilateral ties.

India and Iran signed a defence cooperation agreement in December 2002.

Significance:

1. In the absence of cooperation from Pakistan, India's route to reaching Afghanistan, Central Asia, Eastern Europe and beyond.
2. A regional military power.
3. Located at the key choke point along Strait of Hormuz and Persian Gulf.
4. Key partner in stabilising Afghanistan and shared concern about terror emanating from there.
5. Critical to India's energy security
6. Opportunity for investment in connectivity initiatives, energy projects, fertiliser plants etc.
7. Market for Indian products like rice, tea etc.
8. Cultural and civilizational linkages

Connectivity: Iran is key to India's connectivity with Central Asia and Eastern Europe. Both nations are members of INSTC and Ashgabat agreement.

Energy Cooperation: Iran has been central to India's energy security. However the energy trade is limited due to US sanctions on Iran.

Investment: India has invested in Chabahar port. Investment in Railways (Chabahar to Zahedan) and Farzad B gas reserves could not materialise due to Western sanctions and delay in investment on the part of India.

In September 2022, Iran has offered ONGC Videsh Ltd (OVL) and its partners a 30% interest in development of the Farzad-B gas field in the Persian Gulf.

Challenges:

1. Iran's animosity with the USA and the West.
2. Iran's Nuclear ambitions
3. Continuous sanctions by the USA and West limits scope for Economic Cooperation.
4. Iran's hostilities with nations in the region like Saudi Arabia and Israel.
5. Iran's involvement in destabilising the region through proxies.
6. A hardline leadership in Iran, its position on Kashmir issue and frequent commentary on India internal matters.
7. Iran is part of BRI initiative and is increasingly getting closer to China. Both have signed a 25-year \$400 billion agreement.

8. Delay in project execution by India has led to Iran cancelling Indian projects. E.g.- Farzad-b gas field

Limitations (Chabahar):

- Increasing its footprint via Chabahar runs into trouble with U.S. sanctions again at a time India-U. S. ties are at their closest.
- There are questions on impact on India-Israel relation particularly after I2U2, which has enemical relations with Iran.
- Not increasing its cooperation with Iran and building on possibilities offered by Chabahar would mean India losing the connectivity race to its western flank entirely, as well as its plans to circumvent Pakistan.
- The \$400 billion China-Iran connectivity project of 2020 could upend India's plans inside Iran as well.

USA-Iran

- Negotiation with Iran on restoring JCPOA has been going on through back-channels. Both sides are accusing each other of not being serious.
- West imposed sanctions on Iran for supplying drones to Russia during Ukraine crisis and Human Rights sanctions to punish Tehran's response to protests in the wake of 22-year old Mahsa Amini death in police custody has further complicated the matter. Iran has accused the West of organising Unrest in Iran.
- In February 2023, Bloomberg reported about IAEA inspectors finding enrichment to 84%, close to 90% required for making a bomb. However, Iran has maintained that it does not want a bomb.
- **Israel** has said that "all possible means" are on the table to prevent Iran from getting a nuclear weapon.
- During Joe Biden's trip to West Asia, USA and Israel signed a joint strategic declaration reinforcing a common front against Iran, where the US vowed to use "all elements in its national power" to stop Tehran from acquiring nuclear weapons. President Biden has said that the U.S. would use force, if need be, to prevent Iran from developing a bomb. He also said that Israel would be safer with a new US nuclear deal with Iran.
- Washington has put Islamic Revolutionary Guard Corps (IRGC) on foreign terrorist list. Biden has said that IRGC won't be taken off the list even if that meant no nuclear deal.
- On Nuclear deal negotiations, Israel has taken a strong stance. It has said that diplomacy won't stop Iran from going nuclear. It asked USA to "put a credible military threat on the table."

India – Saudi Arabia Relations:

Saudi Arabia has been a strategic partner of India since the signing of the Riyadh Declaration in 2010.

Economic Relations:

- In FY 2019-20, bilateral trade was valued at US \$33.09 billion, which has increased to \$48.2 billion in 2021-22.
- India's major exports include basmati rice, textiles and garments and machinery, while it imports organic and inorganic chemicals, metal scrap, leather, gold and oil from Saudi Arabia.
- Both nations are expected to expand trade and cooperation and joint ventures in telecommunications, pharmaceuticals, health services, information technology, biotechnology, agriculture, construction projects, energy and financial services.
- During his visit to New Delhi in February 2019, the Crown Prince had committed to invest over \$100 billion in sectors of priority in India.

Strategic Partnership Council Agreement

- India-Saudi Strategic Partnership Council was formed to coordinate on strategically important issues.
- The council will be headed by the Prime Minister and Crown Prince Mohammed and will meet every two years.
- India is the fourth country with which Saudi Arabia has formed such a strategic partnership, after the UK, France and China.

Energy Cooperation:

- Saudi Arabia is currently India's third-largest supplier of crude oil – providing about 18 % of its energy needs. It also has a major role in India's Strategic Petroleum Reserves (SPRs).
- 32% of the LPG requirements of India are met by Saudi Arabia.

Indian expatriates: The 4.1 million-strong Indian community in Saudi Arabia is the largest expatriate community in the Kingdom and is the 'most preferred community' due to their expertise, sense of discipline, law-abiding and peace-loving nature.

Pilgrimage and culture: Haj pilgrimage is another important component of bilateral relations. India sends second highest pilgrims after Indonesia.

Recent Shifts:

- India is showing signs of overcoming its reluctance to forge security partnerships with the Gulf states whose security apparatuses had long been closely associated with Pakistan.
- India and Saudi Arabia are moving from a purely buyer-seller relationship towards a closer strategic partnership that will include Saudi investments in downstream oil and gas projects.
- Saudi Arabia took a positive approach towards abrogation of Article 370 in Jammu and Kashmir.
- India fits perfectly into **Saudi Vision 2030**, aimed at reducing dependency on oil, diversifying Saudi economy and making it a modern, vibrant society.
- The UAE and Qatar recently held good talks with Iran. Iranian President has already visited Qatar and Oman this year.
- Iran and Saudi Arabia have held five rounds of talks in Baghdad.
- Saudi Crown Prince visited Turkey in June 2022, which was first visit since murder of Jamal Khasoggi.

Saudi vision 2030: A centralised development plan under which Saudi Arabia will undergo a transition phase from the long-established conservative Muslim society to a path of modernisation. The country will focus on sectors such as tourism, housing, defence, trade, and investments to diversify the sources of economic revenue.

Under Saudi Vision 2030, **Saudi Green Initiative** was launched, aimed at increasing Saudi's reliance on clean energy, offsetting emission and protecting the environment. Aims at about 50% energy through renewable and clean sources by 2030.

Abraham Accord:

It refers to the agreement reached between Israel, Bahrain and the UAE to normalise relations between the three. This has been brokered by the USA. It marked the first public normalization of relations between an Arab country and Israel since that of Jordan in 1994.

- As per the agreements, the UAE and Bahrain will establish Embassies and exchange ambassadors with Israel.
- Both will work together with Israel across a range of sectors, including tourism, trade, healthcare and security.
- The Accords also open the door for Muslims around the world to visit the historic sites in Israel and to peacefully pray at Al-Aqsa Mosque in Jerusalem, the third holiest site in Islam.

I2U2:

It involves India, Israel, UAE, and USA. It is also termed as QUAD West. The platform is an initiative of USA to strengthen alliances in the region after Abraham accord. The first

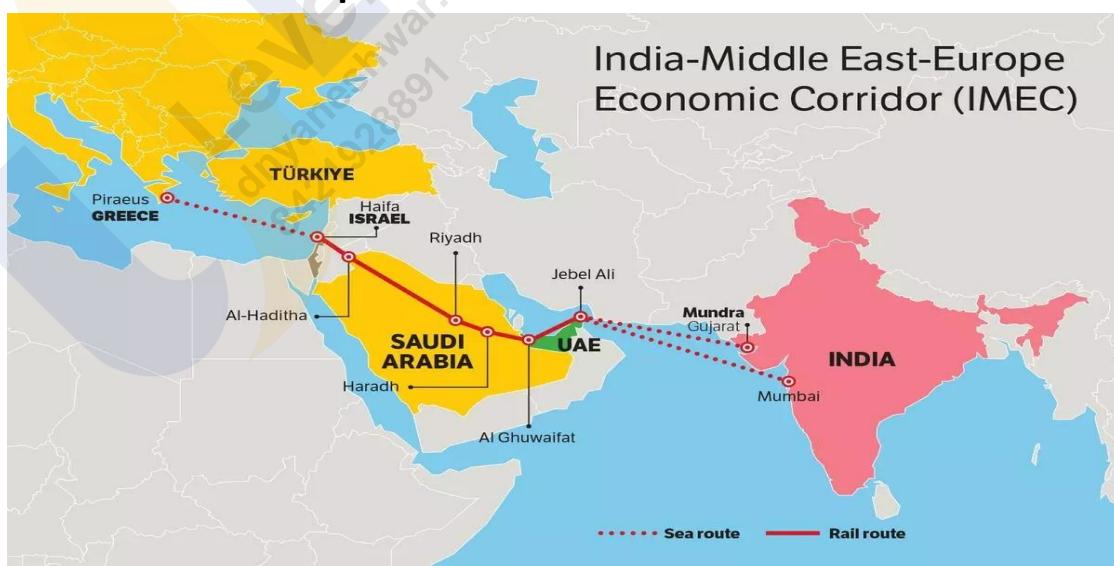
meeting of the group took place virtually in October 2021. First summit-level meeting took place in July 2022.

- It is also seen as normalising Israel's relationship with the Arab world and developing a common front against Iran.
- It is also an effort of USA to present India as an alternative to China for the West Asian nations.
- The initiative can reduce tensions and bring stability to the region.
- The goal of USA is to reduce its presence from West Asia so that it can focus in the Indo-Pacific and managing China.
- Presence of India underscores the acceptance of India stakes in West Asia and West Asian nations' eagerness to engage with India beyond trade.
- Normal relationship between Israel and gulf nations will give greater manoeuvring space for India in the region.
- It could advance India's strategic playing ground beyond the Gulf into the Levant and eastern Mediterranean, when the new group embraces Greece, Cyprus and Egypt within its ambit.
- The UAE is a trading hub for India due their ease of business rules. After having turned its back to RCEP, Dubai can be that hub for India to tap new markets.
- It gives the US a qualitatively different re-entry point back into the region as a partner, rather than a hegemon, at a time when China is trying to create a place for itself in the region.

Challenges:

I2U2 has three of Iran's enemies coming together. Many in Iran have been watching with dismay India's growing closeness to the US and Israel, therefore India might have to work harder to assuage Iranian sensitivities.

India-Middle East-Europe Corridor



During the G20 summit in Delhi, Saudi Arabia, the European Union, India, the United Arab Emirates (UAE), France, Germany, Italy, and the United States all signed a MoU committing to work together for a India-Middle East-Europe Economic Corridor (IMEC).

The project will have Railway lines connecting the UAE to Israel via Saudi Arabia and Jordan, as well as electric cables to enhance digital connectivity and pipes for clean hydrogen export.

It will consist of two distinct projects:

1. **The Eastern Corridor:** This corridor links India with the Arabian Gulf. It features railroads, ship-to-rail networks, and road transport routes.
2. **The Northern Corridor:** This corridor connects the Gulf region to Europe. This incorporates similar transportation infrastructure, including rail, ship-to-rail links, and road networks.

Significance of the corridor:

- It offers an alternative to China's Belt and Road Initiative (BRI).
- It can deepen India's engagements with the Arabian Peninsula through trade route, strengthening the political and strategic ties with the region.
- **Indo-US collaboration:** The project showcases how India and the U.S., along with Israel and the UAE, can partner in developing joint economic projects through forums like the I2U2.
- **Stability in the region:** Since UAS, Saudi Arabia and Israel are part of the project, deepening cooperation between three key players in the region can bring stability to the region.
- **A more secure route to Europe:** The route bypasses key choke points like Bab-el-Mandeb and Suez Canal, providing a safer connectivity from Asia to Europe.

Challenges:

1. The European leg of the project terminated at Greek port of Piraeus (largest port in Eastern Europe) whose two-third ownership is with the Chinese company Cosco.
2. **Logistical and Connectivity Challenges:** Implementing the project involves multiple modes of transportation that necessitate extensive coordination among the participating nations.
3. The ambitious nature of the project demands substantial financial investments for timely completion.
4. The deep financial ties between China and the Arab Gulf limits the ability of IMEC or any similar development project to challenge Beijing's influence in the region.

5. The ongoing Hamas-Israel conflict and such conflicts in future may cast shadow over the benefits of the project.

Recent changes in the region:

- Saudi has opened its airspace for Israeli civilian aircrafts and has permitted direct flights from Israel for Hajj pilgrims.
- Saudi has also agreed to normalise its relations with Israel. In exchange for opening formal ties with Israel, the Saudis have asked the United States for security guarantees, help developing a civilian nuclear program and fewer restrictions on US arms sales.
- In March 2023, Iran and Saudi Arabia agreed to re-establish relations after years of hostility.
- Turkey is also exhibiting diplomatic dexterity. Despite differences with Egypt over Libya, the East Mediterranean waters and Turkey's affiliation with the Muslim Brotherhood, Turkey has gone for mending its relations with Egypt.
- Turkey has also made overtures to Saudi Arabia. Besides accepting the Saudi court verdict on the Khashoggi murder case, Turkey has indicated it could work with the Saudis against the Houthis and facilitate the post-war political process.
- Qatar has made outreach to Egypt. It has moderated its ties with the Brotherhood, toned down anti-Egypt broadcasts on Al Jazeera television, and is being seen as a major potential investor in Egypt's flagging economy. To promote regional peace, Qatar's Foreign Minister has called for a structured dialogue of the Gulf countries with Iran, affirming its view that Iran is a major presence in the regional security scenario.
- Syria back In Arab League. Saudi and Turkey foreign ministers visited Syria. Iran president also visited Syria. There is growing clamour for normalcy in the region.

Xi Jinping visit to Saudi Arabia

Purpose: To attend the first China-Arab States Summit and the China-GCC Summit and on state visit to Saudi Arabia. This is his first to Saudi Arabia since 2016.

- Both elevated the ties to Comprehensive Strategic Partnership.
- Both agreed to hold summits every two years.
- The joint statement showed alignment on most issues from space research, digital economy and infrastructure to Iran's nuclear program, the Yemen war and Russia's war on Ukraine.

Xi urged his GCC counterparts to “make full use of the Shanghai Petrol and Gas Exchange as a platform to conduct oil and gas sales using Chinese currency.”

Chinese Interests in West Asia:

1. China sees Saudi Arabia as its key ally in the Middle East as the biggest oil supplier.

2. A shared suspicion of Western countries, especially on issues such as human rights.
3. Joint investment in China for refinery and petrochemical complex
4. China looks to deepen its relationships with countries in the Middle East amid growing strains in its ties with the US and other Western nations.

Saudi and Gulf Interests:

1. Saudi Arabia and Gulf states have been deepening ties with Russia and China over recent years as US commitment to the region has come under question.
2. Saudi Arabia sided with Russia and did not delay cut in oil production.
3. Gulf states don't want to take sides in polarize world and want to keep their options open.
4. They see China as a reliable long-term customer which needs energy.
5. They also need Chinese investment and technology cooperation to diversify their economy and prepare themselves for a post-fossil fuel world.
6. They are also attempting to diversify their security partnership beyond USA.

Gulf states' issues with USA:

1. Prince Mohammed bin Salman was angered by Biden's vow at the outset of his administration to consider him a pariah over Jamal Khashoggi murder.
2. They are aggrieved due to lack of support of Biden administration against Houthis in Yemen and Shia militias on its refineries.
3. US restriction on arms sales as undermining Washington's traditional role as underwriter of its security needs.
4. USA's attempts to revive nuclear deal with Iran
5. Conditionalities put by USA and its pressure to take sides in geopolitical competition.
6. Attempts at putting the price cap on energy shifts the power from producers to consumers. Gulf states are concerned about it as they can be the next target.

Saudi rejects US request to delay oil production cut:

- USA asked Saudi Arabia, de-facto leader of OPEC to delay the decision of cutting oil production.
- This would have cooled energy prices, that increased due to Ukraine crisis and sanctions on Russia and would have helped in tackling inflation.
- Would have strengthened western position against Russia by reducing prices of Russian energy and thus financial setback for Russia.
- Domestic factor: Would have helped Democrats led by Joe Biden in mid-term elections.
- However, Saudi Arabia rejected US request. Saudi argued that the decision was based on economic factors and needs of Saudi economy. The decision is being seen as pro-Russia.
- US lawmakers called for re-evaluation of relations with the kingdom.

Recent decline in Saudi-USA Relations:

- Obama administration decision to sign JCPOA and remove sanctions on Iran.
- Saudi assertive policy under Prince Salman. E.g.- Blockade of Qatar, Intervention in Yemen
- Killing of Jamal Khashoggi and Biden's vow during election campaign to isolate Saudi prince.
- US ended support for Saudi operation in Yemen, including related weapon transfer.
- US is reducing its engagements in the Gulf and Saudi Arabia is looking to diversify its security partners.
- Western attempt of Price cap on Russia- seen as a power shift from producers to consumers.
- China negotiating truce between Saudi Arabia and Iran has been seen a coup against USA in West Asia China's emergence as a key regional player

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Saudi Arabia-Iran Deal (Brokered by China)

In March 2023, Iran and Saudi Arabia agreed to re-establish relations after years of hostility. Both nations agreed to **re-establish diplomatic ties, respect each other's sovereignty and maintain non-interference in the other's domestic affairs**.

The agreement also reinstates two previous accords:

- I. On security cooperation signed in 2001
- II. Dealing with economic, technical, scientific, and cultural ties, signed in 1998.

This agreement ends seven years of diplomatic estrangement between the two Gulf neighbours. Previous attempts brokered by Iraq and Oman had not succeeded in any breakthrough.

China's Foreign Minister Wang Yi, described deal as a "**victory for dialogue, a victory for peace.**" This goes against impression about the US in Ukraine crisis, where there is no dialogue or diplomatic breakthrough.

Interests of each nation:

1. **For West Asian nations**, China is an attractive partner. It has substantial energy, trade, investment, and technology-related ties with West Asia. It is the region's largest buyer of crude oil, a major trade and investment partner, and is also rapidly expanding its role as a technology-provider in most countries.
2. Both Iran and Saudi Arabia have paid a heavy financial price for their rivalry from Syria to Yemen. There is also concern about a **shadow war escalating into a larger conflict**.
3. **Iran**: Hampered by US sanctions, Iran has moved to deepen its relations with Russia and now China. In turning to Beijing to mediate with the Saudis, **Iran is elevating China** in the region and seeking to **escape the isolation imposed by Washington**.
4. **Saudi Arabia**: The priority for the kingdom is to end the Yemen conflict. The lethal attacks from the precision missiles of the Houthis, said to have been provided by Iran, are a threat to national infrastructure and morale.
5. Saudi Arabia is also diversifying its engagements beyond USA and looking for new partners.
6. **For China**, West Asia is crucial for the **realisation of China's Belt and Road Initiative (BRI)**, with regional states being important for **logistical connectivity, and investment, consultancy, and contracting partnerships**.
7. China has been seeking **military bases of its own in the region** as it pursues **energy resources** and **influence beyond Asia**. China's interests require a stable regional environment.
8. The deal "boosts Beijing's ability to project an image of itself as a constructive actor for peace. The normalisation is also being linked with **ultra-right government in Israel** and limiting the window of engagement between Saudi and Israel. The deal can dash Israel's hopes for normal ties with Saudi Arabia and an anti-Iranian coalition with Saudi Arabia.

Challenges:

- **Saudi-Iran differences will be difficult to resolve**: They result from Saudi Arabia's deep sense of strategic vulnerability vis-à-vis its northern neighbour and concerns that might destabilise regional states through the use of Shia proxies.
- There are doubts about change in Iran's approach till JCPOA is signed again.
- Polarised polity in both USA and Israel, Upcoming Presidential elections in the USA further limit scope for any US waiver to Iran.
- Israel's profound apprehensions about Tehran's nuclear program is another challenge. Israel has said that it'll take military actions against any Iranian nuclear program.
- Since Saudi Arabia has deep security cooperation with the USA, a larger security role by Beijing in the region remains doubtful. So, Beijing is no position to enforce the agreement.

- There are apprehensions about Iran limiting its export of ideology and footprints across the region under the present conservative leadership in Tehran. The agreement seems to be an outcome of compulsion emerging from diplomatic isolation.

Suggestion:

- Iran will need to play a more pro-active role to assure its neighbour of its benign intentions, an effort that would gain credibility with China's active engagement with the two regional powers.
- Need for revival of JCPOA, managing Israel's aggressive actions.

Ongoing Israel-Hamas Conflict:

Hamas attack on Israel: Operation Al-Aqsa Storm

- In a sudden mid-night raid, Hamas gunmen used Moto Cycles, paragliders, speedboats to enter Israel.
- Hamas fired around 5000 missiles to overwhelm the Israeli air defence and damaging the densely populated areas.
- They Killed more than 1200 Israelis, took 240 civilians as hostages.
- Mohammad Deif (Leader of Hamas Military Wing) termed the attack as a response to 16-year old blockade of Gaza.
- The timing was crucial. The attack was on 50th Years anniversary of Yom Kippur war in October 1973.
- It was seen as failure of the famed Israeli intelligence agencies.
- Seen as effort to derail the normalisation of Arab-Israel Relations.

Reasons:

- After Abraham Accord, I2U2 and IMEC Corridor, it seemed that there was normalization of Arab-Israel relations. Thus attack could be aimed to derail the normalization.
- Hamas saw the Palestinian issue getting side-lined from region's geopolitics.
- Moreover, Israel-Saudi normalization would lead to Iran getting side-lined in the region.

Israel's response:

- ❖ In response, Israel launched "Operation Iron Sword." PM Netanyahu declared that Israel is at war.
- ❖ Israel targeted with air strikes, targeting key installations of Hamas.
- ❖ Israel has asked civilians living near Gaza strip to evacuate the areas.
- ❖ Total death till now is more than 21,000 with civilian making up 61% of total deaths from airstrike.

United Nations in a non-binding resolution passed on 27th October has called for an immediate ceasefire in Gaza and full and unhindered access to humanitarian aid in the Gaza

Strip, as well as for Israel to revoke its call for northern Gaza's evacuation. It also calls on parties to abide by international law and for "the immediate release of all civilians". UNSC has also called for "extended humanitarian pause."

At a UNSC resolution calling for ceasefire in Gaza, USA vetoed it.

India's Position:

- After the attack, India condemned terrorism in the strongest language and stood with Israel over the attack, although it hasn't designated Hamas as a terror group.
- has called on Israel for restraint, dialogue and diplomacy and condemned the death of civilians, and along with the U.S. and Australia, called for "humanitarian pauses" in bombardment, but has not so far called for a "ceasefire".
- At the same time, India has reaffirmed its support for a "**two-state solution**" including a sovereign, viable state of Palestine existing in peace alongside Israel.
- India has sent 70 tonnes of humanitarian assistance including 16.5 tonnes of medicines and medical supplies via Egypt to Gaza.

ASEAN

The Association of Southeast Asian Nations, or ASEAN is a political and economic union of 10 states in South-East Asia. It has a combined population of over 600 million and GDP of approximately \$3.2 trillion. It was established on 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration). Its founding Members were Indonesia, Malaysia, Philippines, Singapore, and Thailand.

Expansion of membership: Brunei (1984), Vietnam (1995), Lao PDR and Myanmar (1997), and Cambodia (1999) joined the ASEAN later.



Evolution of ASEAN:

- 1995 – Members signed Southeast Asian Nuclear-Weapon-Free Zone Treaty to turn Southeast Asia into a nuclear-free zone.
- 1997 – Adoption of ASEAN Vision 2020.
- 2003 – Bali Concord II for the establishment of an ASEAN Community.
- 2007 – Cebu Declaration, to accelerate the establishment of ASEAN Community by 2015.

- 2008 – ASEAN Charter comes into force and becomes a legally binding agreement. It aimed to create a EU-styled community and a single trade bloc.
- 2015 – Launch of ASEAN Community.

Fundamental Principles:

ASEAN Member Countries have adopted the following fundamental principles in their relations with one another, as contained in the **Treaty of Amity and Cooperation in Southeast Asia (TAC)**:

- Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations; The right of every State to lead its national existence free from external interference, subversion or coercion;
- Non-interference in the internal affairs of one another;
- Settlement of differences or disputes by peaceful manner;
- Renunciation of the threat or use of force; and
- Effective cooperation among themselves.

Objectives of ASEAN

The ASEAN Declaration states that the aims and purposes of the Association are:

1. To accelerate economic growth, social progress and cultural development in the region and
2. To promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries in the region and adherence to the principles of the United Nations Charter.

In 2003, ASEAN moved along the path of the European Union by agreeing to establish an ASEAN community comprising three pillars:

The ASEAN security community: No tension has escalated into armed confrontation among ASEAN Member Countries since its establishment more than three decades ago. To build on what has been constructed over the years in the field of political and security cooperation, the ASEAN Leaders have agreed to establish the ASEAN Security Community (ASC).

The ASC shall aim to ensure that countries in the region live at peace with one another and with the world in a just, democratic and harmonious environment. The members of the Community pledge to rely exclusively on peaceful processes in the settlement of intra-regional differences and regard their security as fundamentally linked to one another and bound by geographic location, common vision and objectives.

The ASEAN economic community: The ASEAN Economic Community shall be the end-goal of economic integration measures as outlined in the ASEAN Vision 2020. Its goal is to create a stable, prosperous and highly competitive ASEAN economic region in which there is a free flow of goods, services, investment and a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities.

The ASEAN Economic Community shall establish ASEAN as a single market and production base, turning the diversity that characterises the region into opportunities for business complementation and making the ASEAN a more dynamic and stronger segment of the global supply chain. ASEAN's strategy shall consist of the integration of ASEAN and enhancing ASEAN's economic competitiveness.

The ASEAN socio-cultural community: The ASEAN Socio-Cultural Community, in consonance with the goal set by ASEAN Vision 2020, envisages a Southeast Asia bonded together in partnership as a community of caring societies and founded on a common regional identity. The Community shall foster cooperation in social development aimed at raising the standard of living of disadvantaged groups and the rural population, and shall seek the active involvement of all sectors of society, in particular women, youth, and local communities.

ASEAN Way: Refers to a methodology or approach to solving issues that respect Southeast Asia's cultural norms. It is based on four principles: **non-interference, quiet diplomacy, non-use of force, and decision making through consensus**. Policymakers constantly utilise compromise, consensus, and consultation in the informal decision-making process. It prioritises a consensus-based, non-conflictual way of addressing problems. The ASEAN Way is considered reflective of the broader principle of "Asian solutions to Asian problems", which aims to avoid Western influence in intra-Asian conflicts.

Important ASEAN-led Forums

ASEAN Regional Forum (ARF)

- It is the first regionwide Asia-Pacific multilateral forum for official consultations on peace and security issues. It was Developed in 1994 to facilitate cooperation on political and security issues to contribute to regional confidence-building and preventive diplomacy.
- Its members are 10 ASEAN nations, ASEAN's 10 dialogue partners (Australia, Canada, China, the European Union, India, Japan, South Korea, Russia, New Zealand, and the United States). Papua New Guinea and Mongolia joined the group in 1999, and South Korea was admitted in 2000.
- The ARF is characterized by minimal institutionalization, decision making by consensus, and the use of both "first track" (official) and "second track" (nonofficial) diplomacy.

ASEAN Plus Three

- Initiated in 1997 brings together ASEAN's ten members, China, Japan, and South Korea. It has evolved as the main vehicle to promote East Asian Cooperation towards the long-term goal of building an East Asian Community, with ASEAN as the driving force.

East Asia Summit (EAS)

- It is an ASEAN initiative aimed at enhancing cooperation among East Asian countries and those in the neighboring regions.
- Began in 2005 with ASEAN 10 + Australia, China, India, Japan, New Zealand, and the Republic of Korea. The United States and the Russian Federation joined at the 6th East Asia Summit in 2011.
- only leader-led forum at which all key partners of the Indo-Pacific meet to discuss political, security and economic challenges facing the region.
- The chair position rotates between ASEAN Members on an annual basis.
- Six priority areas of cooperation – environment and energy, education, finance, global health issues and pandemic diseases, natural disaster management, and ASEAN Connectivity.
- In the past, the issues of claims over the South China Sea, the United Nations Convention on the Law of the Sea, terrorism, the actions of North Korea and the conflict situation in Myanmar have been discussed by the countries.

Importance:

- Represents nearly 50 per cent of the world's population, 20 percent of global trade, and comprising 16 nations that are on a dynamic path of economic development.
- Consists of geopolitical hotspots like Taiwan strait, South China Sea, East China Sea and most dynamic economic regions like ASEAN, India and China.
- Central to the future of Indo-Pacific since it has membership of all the key players.

Significance of ASEAN:

1. It is the 6th largest economy in the world and among the fastest growing markets.
2. It has Free-trade agreements (FTAs) with China, Japan, South Korea, India, Australia and New Zealand. Member of trade pacts like RCEP and CPTPP.
3. It has emerged as Key battlefield for geopolitical contestation between USA and China.
4. It lies at the heart of Indo-Pacific.
5. The region has geopolitical hotspots like South China Sea and Strait of Malacca as a choke point.

Challenges of ASEAN:

1. Nations are divided between Pro-China and pro-USA. They have not been able to take a consensus position against Chinese adventurism in the region.
2. Recent events like exodus of Rohingyas has divided nations on religious and ethnic lines.
3. The organisation lacks military capability to remain a relevant player in the emerging geopolitics.
4. New groupings like QUAD and AUKUS may reduce the significance of ASEAN.
5. China's island building and militarization of islands in the South China Sea.

India- ASEAN Relations

India ASEAN relationship has evolved from the 'Look East Policy' enunciated in early 1990s which led India to become a Sectoral Partner of ASEAN in 1992, a Dialogue Partner in 1996 and a Summit-level Partner in 2002.

The relationship upgraded into Strategic Partnership in 2012. There are, in total, 30 Dialogue Mechanisms between India and ASEAN, cutting across various sectors.

Look East Policy has changed into a dynamic and action-oriented "Act East Policy" in 2014 during the 12th ASEAN-India Summit and 9th East Asia Summit.

Look East Policy and Act East Policy

Look East Policy

Look East Policy was launched by PV Narsimha Rao government aimed at fostering economic and strategic relationships with the Southeast Asian nations. It aimed at seeking trade expansion, investments, and enhanced regional integration.

Later on, Vajpayee government pushed the policy further by extending it to include countries beyond ASEAN, like South Korea and Japan. The strategic aspect of the policy was also emphasized.

Act East Policy:

Act East Policy, launched in 2014, was graduation of India's Look East Policy. Which focuses on strengthening India's economic and strategic relations beyond ASEAN to the broader East Asian region. It aims to promote economic integration and security cooperation in the region.

- The Act East Policy aims to enhance connectivity between North-eastern states, including Arunachal Pradesh, and neighbouring nations.
- It was initially an economic policy but has evolved to include cultural, political, and strategic components.
- Institutional mechanisms for dialogue and cooperation were established under this policy.
- The policy focuses on India-ASEAN cooperation in domestic initiatives. This includes infrastructure, manufacturing, trade, and smart cities.

Importance of Act East Policy

- The Act East Policy becomes significant due to China's increasing influence in the Southeast Asian and Indian Ocean regions.
- The policy can help secure freedom of navigation and the rule of law in the Indo-Pacific region.
- India's engagement with QUAD is an extension of its efforts to enhance security in the Indo-Pacific region.
- India's Act East Policy aims to achieve its long-term developmental goals for the North-eastern region.
- It provides an additional path to accelerate economic development, countering China's rising aggression in South Asia.

Significance of ASEAN for India:

1. Central to ensuring China's peaceful rise and ensuring rule-based order in the Indo-Pacific.
2. Critical sea lanes of communication pass through the region.
3. Lies in India's primary area of interest (As per Maritime Security Strategy 2015).
4. India's 4th largest trading partner.
5. Critical to the success of Act East Policy and development & stability of India's Northeast
6. Important investment destination and a market for Indian exports.
7. ASEAN nations like Philippines, Vietnam and Malaysia are emerging as key markets for India's defence exports.
8. Important for India's energy security and food security.
9. Cultural and civilizational linkages.

Economic Cooperation:

India-ASEAN have signed FTA in goods, services, and investment. ASEAN is India's fourth largest trading partner. India's trade with ASEAN stands at \$ 131 billion in 2022-23, with more than \$40 billion deficit to India. India's export to ASEAN stands at 11.28% of our total exports.

ASEAN accounting for approximately 18.28% of investment flows into India since 2000. The ASEAN-India Free Trade Area has been completed with the entering into force of the ASEAN-India Agreements on Trade in Service and Investments on 1 July 2015.

1. Major exports from India: Ships, boats, floating structures, mineral fuels, mineral oils and meat.
2. Major imports: telecom equipment, electrical machinery, mineral fuels, mineral oils and animal or vegetable fats and oils.

India had signed an FTA in goods with ASEAN in 2009, known as the ASEAN-India Free Trade Agreement (AIFTA). In 2014, an FTA in services was also included.

India's exports to ASEAN countries amounted to \$23 billion in 2010, which increased to \$36 billion in 2018, a 5% CAGR. At the same time, India's imports from these countries increased from \$30 billion in 2010 to \$57 billion, a 8% CAGR. This has resulted in India suffering huge trade deficits.

India and ASEAN are in talks to review the FTA in goods to increase more market access.

Security Cooperation:

1. Milan Naval exercise with many of the Southeast Asian nations.
2. Asian nations part of India's HADR initiatives.
3. Engagement through multiple platforms like ARF, ADMM+ etc.
4. India has sold defence platforms to Philippines. Other nations like Vietnam and Malaysia are also interested.

Challenges:

1. ASEAN wants India to have a more prominent security role but India lacks requisite capacity.
2. Concerns about USA-China strategic rivalry in the region and fear of India getting dragged into it.
3. Delay on the part of India to sell defence platforms.

Beijing has been pressurising ASEAN members states to insert certain clauses in the Code to restrict Japan, India, the US and Australia as well as other nations from engaging in maritime security cooperation with the South East Asian states and exploring resources in the South China Sea.

Mission to ASEAN: India has set up a separate Mission to ASEAN and the EAS in Jakarta in April 2015 with a dedicated Ambassador to strengthen engagement with ASEAN and ASEAN-centric processes.

Delhi Dialogue: India has an annual Track 1.5 event Delhi Dialogue, for discussing politico-security and economic issues between ASEAN and India. The 10th edition of Delhi Dialogue was hosted by the MEA on 19-20 July 2018 in New Delhi, with the theme, "Strengthening India-ASEAN Maritime Advantage".

Platforms for engaging with ASEAN Nations:

1. BIMSTEC and Mekong Ganga Cooperation
2. Asia-Europe Meeting (ASEM)
3. East Asia Summit (EAS),
4. ASEAN Regional Forum (ARF),
5. ASEAN Defence Ministers' Meeting + (ADMM+)
6. Expanded ASEAN Maritime Forum (EAMF).

Connectivity:



1. In 2013, India became the third dialogue partner of ASEAN to initiate an ASEAN Connectivity Coordinating Committee-India Meeting.
2. India-Myanmar-Thailand Trilateral Highway
3. The Kaladan Multimodal Project,
4. At 18th India- ASEAN summit, India proposed a \$1 billion line of credit to promote physical and digital connectivity in ASEAN

A possible extension to India-Myanmar-Thailand Trilateral Highway to Cambodia, Lao PDR and Vietnam is also under consideration.

Agriculture: India and ASEAN are cooperating by way of projects such as Exchange of Farmers, ASEAN-India Fellowships for Higher Agricultural Education in India and ASEAN, Exchange of Agriculture Scientists, Empowerment of Women through Cooperatives, Training Course on Organic Certification for Fruits, and Vegetables etc.

Science and Technology: Projects such as ASEAN-India S&T Digital Library, ASEAN-India Virtual Institute for Intellectual Property, ASEAN-India Collaborative Project on S&T for Combating Malaria, ASEAN-India Programme on Quality Systems in Manufacturing, ASEAN-India Collaborative R&D Project on Mariculture, Bio-mining and Bioremediation Technologies etc.

Convergence:

1. Commitment to Rule-based World order, multipolarity and multilateralism.
2. ASEAN-centric vision of the Indo-Pacific.
3. Shared concern about great-power rivalry in the region.
4. China as a common geopolitical threat and need to ensure that China's rise remains peaceful.
5. Common desire to deepen economic engagements and diversify supply chain linkages.
6. Tackling traditional and non-traditional security threats and safety of sea Lanes of Communication.
7. Threat of climate change, rising sea level and extreme weather phenomena.

Divergences:

1. India's withdrawal from RCEP and talks about review of India-ASEAN FTA in goods by 2025.
2. India- ASEAN trade is one-fifth of ASEAN-China trade.
3. Delay on the part of India to complete connectivity projects Asian trilateral Highway and Kaladan Multimodal Project.
4. India has been circumspect in its security commitments to the region.
5. There has been a delay in export of military platforms from India.

ASEAN Outlook on the Indo-Pacific

- ASEAN Outlook reinforces the ASEAN-centred regional architecture which is not aimed at creating new mechanisms or replacing existing ones.
- It intends to enhance ASEAN's Community building process and to strengthen and give new momentum for existing ASEAN-led mechanisms, including the East Asia Summit (EAS), the ASEAN Regional Forum (ARF) etc.
- It enumerates the four functional areas through which ASEAN believes collaboration can be tangibly advanced: 1. Maritime cooperation 2. Connectivity 3. Sustainable development 4. Economic and Other Possible Areas of Cooperation.

India's Vision for Indo-Pacific

In the **Shangri La Dialogue**, India's Indo-Pacific vision was explained by the Prime Minister:

- It stands for a free, open, inclusive region, which embraces all in a common pursuit of progress and prosperity. It includes all nations in this geography as also others beyond who have a stake in it.
- Southeast Asia is at its Centre and ASEAN central to its future.
- A common rules-based order for the region formed through dialogue. These rules and norms should be based on the consent of all, not on the power of the few.
- Rather than growing protectionism, India seeks for a level playing field for all. India stands for open and stable international trade regime.
- Connectivity is vital and India is doing its part, by itself and in partnership with others like Japan – in South Asia and Southeast Asia, in the Indian Ocean, Africa, West Asia and beyond.
- India's view can be summarized into five "S" in Hindi: Samman, Samvad, Shanti, Sahyog and Samriddhi.

China and ASEAN:

1. China has become largest trade partner of ASEAN, replacing EU. Bilateral trade is over \$500 billion.
2. They have upgraded their relationship to Comprehensive Strategic Partnership.
3. China aims to strengthen connectivity with ASEAN through Digital Silk Road and infrastructure projects like high speed rail project.
4. Chinese influence has resulted in division within ASEAN. Cambodia, Laos and Myanmar are Pro-China while Vietnam, Indonesia and Philippines have concerns with China.

Challenge:

1. Concerned about great power rivalry.
2. Due to territorial disputes in South China Sea, most nations see China as threat.
3. Fear of China weaponising trade, just as in case of Australia.
4. Concerns against BRI projects: In Laos, locals are complaining about involvement of Chinese labourers, Malaysia had cancelled many projects while Myanmar has scaled down the projects.
5. Due to lack of unanimity, ASEAN is unable to take a common position against Chinese coercion.
6. Capacity difference between ASEAN and China results in poor bargaining capacity of small ASEAN nations.

Myanmar Coup and ASEAN:

Coup in Myanmar: On 1 February 2021 the Myanmar military (also known as the Tatmataw) launched a coup against the civilian government, declaring the results of the November 2020 general election invalid and instating a one-year state of emergency. It stated its intent to hold a new election at the end of the state of emergency. Military has launched crackdown on anti-coup protestors resulting in civilian deaths.

ASEAN's Five-point peace plan for Myanmar Crisis:

- First, there shall be immediate cessation of violence in Myanmar and all parties shall exercise utmost restraint.
- Second, constructive dialogue among all parties concerned shall commence to seek a peaceful solution in the interests of the people.
- Third, a special envoy of the ASEAN chair shall facilitate mediation of the dialogue process, with the assistance of the secretary-general of ASEAN.
- Fourth, ASEAN shall provide humanitarian assistance through the AHA Centre.
- Fifth, the special envoy and delegation shall visit Myanmar to meet with all parties concerned.

- In 2021, ASEAN banned from meetings.
- ASEAN has now banned Myanmar's generals from meetings until the organization's supposed peace plan makes progress.
- However, Myanmar has not taken efforts from implementation of the proposed plan. In September, Myanmar rejected ASEAN statement condemning the violence in Myanmar, calling the statement biased and one sided.

Central Asia



Central Asia is a subregion of Asia which stretches from the Caspian Sea in the west to China and Mongolia in the east, and from Afghanistan and Iran in the south to Russia in the north. The region consists of the former Soviet republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Central Asia (2019) has a population of about 72 million, in five countries: Kazakhstan (pop. 18 million), Kyrgyzstan (6 million), Tajikistan (9 million), Turkmenistan (6 million), and Uzbekistan (35 million).

Importance of Central Asia:

- The region is said to be an 'arena of great game' being played out between Russia, China, US, Turkey, Iran, Europe, EU, Japan, Pakistan, India, and Afghanistan, all of whom have substantial security and economic stakes in the region.
- Central Asia is strategically positioned as an access point between Europe and Asia and offers extensive potential for trade, investment, and growth.
- Strategic Backyard of Russia and shares boundary with disturbed regions like Afghanistan and Xinjiang. It also acts as buffer between these regions and Eastern Europe.

- The region has become all the more important due to presence of Taliban in Afghanistan, China's Belt and Road Initiative and Russia's desire of reclaiming its lost glory.
- All these states are rich in minerals and well-endowed with hydroelectric resources. Kazakhstan has the world's second largest reserves of uranium and is the world's largest producer; Uzbekistan has large reserves of gas, uranium and gold; Turkmenistan has fourth largest reserves of natural gas; Tajikistan has huge hydroelectric potential; Kyrgyzstan is rich in gold and hydroelectric power.

India- Central Asia Relations

- India has enjoyed historical and civilizational linkages with Central Asia through the Silk Route since 3rd century BC. Post independent India's linkages with the Soviet period through culture, music, dance, movies and literature sustained close relations with the Soviet Republics.
- In the 1990s, when the five central Asian republics gained independence, India faced the twin challenges of adjusting to the emerging post-cold war order and domestic economic reform.
- Central Asian countries are part of India's "extended neighbourhood".
- We face common challenges such as terrorism, extremism, radicalisation, drug trafficking etc.

Significance for India:

- Key to stabilising Afghanistan and warding off security threats emanating from there.
- Strengthening India's presence in its extended neighbourhood and deepen cooperation with Russia.
- Energy security due to availability of uranium, oil and gas reserves
- Source of Raw Material for industries because of its mineral resources
- Lucrative market for Indian pharmaceutical products, agri-products, IT products and movies
- Opportunities for investment because of the developmental needs of Central Asian nations. These nations want to break away from Russia-China duopoly and thus look at India as a desired alternative.
- Avenue for cooperation between India and Russia.
- India's only overseas airbase lies in Farkhor, Tajikistan.

Bilateral Trade: Trade between India and Central Asia lies at a measly US \$2 billion compared to Chinese trade with the CARs, which roughly amounts to a US \$100 billion.

Security Relations:

- Both India and Central Asia face common threats of religious extremism, fundamentalism and drug trafficking that poses challenges to regional stability.
- India conducts bilateral military exercises like Dustlik with Uzbekistan, Kazind with Kazakhstan and Khanjar with Kyrgyzstan.
- All five Central Asian nations also participated in recently conducted Delhi Regional security dialogue over stability of Afghanistan.
- Strategic Partnership Agreements (SPA): India signed the SPA with three of the five CARs—Kazakhstan, Tajikistan and Uzbekistan—to stimulate defence cooperation and deepen trade relations.

Connectivity Initiatives:

- To improve connectivity, India has concluded a trilateral agreement for renovation of Chabahar port.
- Development of the International North South Transport Corridor (INSTC) and has become a member of the Ashgabat Agreement.
- Though India is part of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, progress is slow.

Ashgabat Agreement: The pact was signed in 2011 by Uzbekistan, Turkmenistan, Iran, Oman and Qatar and aimed at developing the shortest trade route between the Central Asian republics and Iranian and Omani ports. India joined the Ashgabat agreement in 2018 to diversify its connectivity options with Central Asia.

Regional Groupings: Both India and central Asian Republics (Except Turkmenistan) are members of Shanghai Cooperation Organization (SCO). India is negotiating FTA with Eurasian Economic Union (EEU).

Capacity Building: India launched ITEC (Indian Technical and Economic Cooperation) programme to provide assistance to the CARs countries in the area of IT, Management, journalism, diplomacy, entrepreneurship, and banking.

Connect Central Asia Policy: Launched in 2012, which is a broad-based approach including political, security, economic, and cultural connections. The Connect Central Asia Policy is based on - 4Cs: Commerce, Connectivity, Consular and Community.

Opportunity for India in Central Asia: Though active partners in the BRI, the disenchantment of the Central Asian countries has increased not only with the growing Chinese footprint in their economic and political systems but also because of repression of several Kazakh and Kyrgyz Muslims along with Uighurs in the Xinjiang region, resulting in many anti-Chinese protests.

Recent Initiatives:

1. In July 2015, Indian prime minister visited all five Central Asian states during a single trip for the first time.
2. For economic engagement, India has established the India-Central Asia Development Group and India-Central Asia Business Council.
3. Delhi Regional Security Dialogue, an NSA level summit held in New Delhi in November 2021 to discuss the security implications of the prevalent situation in Afghanistan included the NSAs of all five central Asian republics.
4. The first India-Central Asia summit that took place in virtual format on 27 January, 2022. The leaders agreed to hold the summit every two years.
5. India-Central Asia dialogue mechanism at the Foreign Ministers level. Recently, the third dialogue took place.
6. India has announced \$1 billion Line of Credit aimed at High Impact Development Projects (HICDPS) for socio-economic development of the region.
7. In January 2022, there was a virtual summit between India and five Central Asian republics. Prime Minister pitched for “an integrated approach for regional connectivity and cooperation for the next 30 years”. Three main objectives of the summit were:
 - to make it clear that cooperation between India and Central Asia is essential for regional security and prosperity. From Indian point of view, Central Asia is central to India’s vision of an integrated and stable extended neighbourhood.
 - to give “an effective structure to our cooperation. This will establish a framework of regular interactions at different levels and among various stakeholders.
 - to create an ambitious roadmap for our cooperation.

Second India-Central Asia NSAs in October 2023.

- It discussed measures for enhancing cooperation in cyber security, digital infrastructure, rare earths, and people-to-people contacts.
- Indian NSA proposed an India-Central Asia Rare Earths Forum to attract investment from the private sector.
- India also offered to provide technology related to digital payments free of cost to facilitate the setting up of sovereign digital real-time payment systems in line with the needs of these countries.
- India and Central Asian countries decided to work closely on cyber security and India offered help to build defences against cyber threats by creating a secure cyber-ecosystem.
- On connectivity, Indian NSA asked the Central Asian countries to utilise Chabahar port in Iran.

Challenges:

1. Lack of direct connectivity with the region.
2. Limited economic engagement between India and Central Asian republics.
3. Chinese footprints through BRI and China-Pakistan axis create challenges for deeper Indian engagements with the region.
4. Institutionalisation of engagements has begun only recently.
5. Central Asia has not been a strategic priority for India.
6. Indian strategy toward the region in the past has been subservient to its Afghanistan, China and Pakistan policies, and influenced by Russian and US designs.

China in Central Asia

In May 2023, China hosted **China-Central Asia Summit (C+C5) in Xi'an** to boost strategic cooperation with Central Asia on Belt and Road Initiative, Global Security Initiative, and Global Civilisation Initiative and efforts to end the war in Ukraine. During the summit, Xi Jinping reiterated that the security, sovereignty, independence, and territorial integrity of CARs must be upheld.

European Union



- The European Union is a group of 27 countries that operate as a cohesive economic and political block. It grew out of a desire to form a single European political entity to end centuries of warfare among European countries that culminated with World War II and decimated much of the continent.
- It traces its origins to the European Coal and Steel Community (ECSC) and the European Economic Community (EEC), established, respectively, by the 1951 Treaty of Paris and 1957 Treaty of Rome.
- In 1957, Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany signed the Treaty of Rome, which created the European Economic Community (EEC) and established a customs union. They also signed another pact creating the European Atomic Energy Community (Euratom) for co-operation in developing nuclear energy. Both treaties came into force in 1958.
- The EU has developed an internal single market through a standardized system of laws that apply in all member states in matters, where members have agreed to act as one.
- 19 of these countries use euro as their official currency. The eurozone is a monetary union established in 1999, coming into full force in 2002, that is composed of the 19 EU member states that use the euro currency.
- Through the Common Foreign and Security Policy, the union has developed a role in external relations and defence.
- In 2012, the EU was awarded the Nobel Peace Prize for advancing the causes of peace, reconciliation, democracy, and human rights in Europe.

In 1985, the Schengen Agreement paved the way for the creation of open borders without passport controls between most member states and some non-member states.

In 1986, the European flag began to be used by the EEC and the Single European Act was signed.

The European Union was formally established through Maastricht Treaty (1992).

In 2002, euro banknotes and coins replaced national currencies in 12 of the member states. Since then, the eurozone has increased to encompass 19 countries.

On 1 December 2009, the Lisbon Treaty entered into force and reformed many aspects of the EU.

Lisbon Treaty:

1. It amended Maastricht Treaty and other previous treaties and protocols.
2. moved from unanimity to qualified majority voting in at least 45 policy areas in the Council of Ministers.
3. A more powerful European Parliament forming a bicameral legislature alongside the Council of Ministers under the ordinary legislative procedure
4. a consolidated legal personality for the EU
5. Creation of a long-term President of the European Council and a High Representative of the Union for Foreign Affairs and Security Policy.
6. The Treaty also made the Union's bill of rights, the Charter of Fundamental Rights, legally binding.
7. For the first time, the treaty gave member states the explicit legal right to leave the EU, and established a procedure by which to do so.

European Union – Decision-Making Bodies

The seven important decision-making bodies of the European Union:

1. European Parliament
2. European Council
3. European Commission
4. Council of the European Union
5. Court of Justice of the European Union
6. European Central Bank
7. European Court of Auditors.

Achievements of EU:

1. It has ensured peace in Europe.
2. Shining example of benefits of mutual cooperation across the sectors.
3. Made Europe a key pole in geopolitics.
4. It has made Europe a prominent economic and technological powerhouse.
5. Helped in driving Eastern European nations out of poverty and ensuring better governance.
6. A model of supranational authority that can be emulated.

Challenges:

1. Internal divisions on the basis of ideology and economic prosperity.
2. Demand for assertion of separate identity and sovereignty. E.g., Brexit.
3. Threats emerging from Russia and China.
4. Emergence of border fencing due to refugee crisis.

5. Military dependence on Europe has limited the geopolitical influence of European Union.
6. Covid-19 and resultant uncertainty has posed new set of challenges.
7. The ongoing Ukraine crisis has also led to divisions within the union.

Brexit:

Brexit was the withdrawal of the United Kingdom from the European Union at 23:00 GMT on 31 January 2020. United Kingdom had been a member of European Union since 1973.

India-Europe Relations

- In 1962, India was the first developing country to establish diplomatic relations with European community.
- EU-India Cooperation Agreement 1994 provides the legal framework for EU-India relations. India and the EU have been strategic partners since 2004.
- In 2000, the first India-EU Summit took place. The relationship was upgraded into a 'Strategic Partnership' in 2004.
- In 2018, EU's strategy on India titled "A Partnership for Sustainable Modernization and Rules-based Global Order" was issued by the European Commission and the EU High Representative for Foreign Affairs and Security Policy which views India as an emerging global power that plays a key role in the current multipolar world and a factor of stability in a complex region and calls for greater India-EU political, security and defence cooperation.

Significance of EU:

1. Second largest economy in nominal terms and third in purchasing power parity.
2. France is a P-5 member and Germany is an aspirant.
3. Technological leadership in defence manufacturing, renewable energy, nuclear energy, water conservation etc.
4. Among the major export markets for Indian products. India continues to enjoy GSP benefits.
5. Significant voice at the UN, WTO, Climate change negotiations and global diplomacy.

Economic Relations:

1. The EU is India's third largest trading partner, with bilateral trade crossing \$116.36 billion. It is second largest destination for Indian exports.
2. EU is the biggest foreign investor in India, with €67.7 billion worth of investments made in 2018 (22% of total FDI inflows).
3. An investment facilitation mechanism for EU investments in India has been established in 2017. This has renewed focus on facilitating ease of doing business norms for EU investors in India.
4. Negotiations for a broad-based Bilateral Trade and Investment Agreement (BTIA) was held between 2007–2013 but negotiations were suspended after multiple impasses. The negotiations were restarted in June 2022.

Carbon Border Adjustment Mechanism (CBAM):

The European Union (EU) Carbon Border Adjustment Mechanism (CBAM) aims to encourage global industry to adopt greener and more sustainable technologies. The CBAM will be implemented gradually, with a transition period from October 1, 2023 to December 31, 2025.

- The CBAM will **apply to imports of cement, iron and steel, aluminium, fertilizers, electricity and hydrogen** from countries that have less stringent climate policies than the EU.
- Importers of these goods will have to buy carbon certificates that reflect the amount of carbon emissions embedded in their products.
- The price of these certificates will be equivalent to the price of carbon in the **EU Emissions Trading System (ETS)**, which is a market-based system that regulates the emissions of industries within the EU.
- It is intended to encourage cleaner industrial production in non-EU countries and prevent carbon leakage, which is the relocation of carbon-intensive activities to countries with lower environmental standards.
- The **CBAM is expected to translate into a 20-35% tax on select imports** into the EU starting January 1, 2026.
- India's **26.6% of exports** of iron ore pellets, iron, steel, and aluminium products go to the EU. These products will be hit by CBAM. India exports these goods worth around USD8 billion annually to the EU.

Broad Based Trade and Investment Agreement (BTIA)

It is being negotiated since 2007. The negotiations have been stalled since 2013. Both sides have major differences on crucial issues such as-

- **EU's demands:** significant duty cuts in automobiles, tax reduction on wines, spirits etc, a strong intellectual property regime, relaxation in India's data localisation norms, protection to all its items with Geographical Indication etc.
- **India's demands:** 'Data secure' status (important for India's IT sector); Ease norms on temporary movement of skilled workers, relaxation of Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) norms etc.

As per June 2020 study by the European Parliamentary Research Service, FTA can increase exports from the EU to India by about 52% to 56%, while imports from India would rise between 33% and 35%.

At the India-EU virtual summit in 2021, Both India and EU have agreed to engage for restarting the stalled BTIA. The negotiations have started. The aim is to strike the deal by 2023.

Defence Cooperation:

Though India does not have defence cooperation with European Union, it does have deep relationships with individual nations like France, Germany and Italy. After Ukraine crisis, European nations have gone for increasing their defence expenditure with Germany increasing it by more than \$100 billion and taking it above 2% of GDP. This provides opportunity for defence to be a new area of cooperation between India and European Union.

- First ever India-EU security and defence consultations were held in Brussels in June 2022.
- Both sides discussed about increasing maritime security cooperation and prospect of Co-development and Co-production of defence equipments.

Maritime Cooperation:

- Both India and the EU have stressed on the idea of freedom of navigation, maritime piracy, and adherence to United Nation Conventions on the Law of the Sea (UNCLOS) and the development of the blue economy and maritime infrastructure.
- Both have identified the Indo-Pacific as the new avenue for maritime cooperation.
- In January 2021, India and the EU hosted the first Maritime security dialogue in a virtual format. It has become a regular event.

Climate Change:

- Since 2016, the EU and India have together pursued a Clean Energy and Climate Partnership (CECP), which focuses on developing cooperation in clean energy and the implementation of the Paris Agreement, including in the area of energy efficiency, renewable energy, smart grids, storage, sustainable finance, and climate mitigation and adaptation.
- During 15th India-EU Summit in July 2020, a joint “Roadmap to 2025” for strengthening the strategic partnership including the preparation of a new work programme was released. The leaders suggested focus on mobilising finance and improving the market and investment environment with a view to enhancing sustainable energy access and resilience.
- The International Solar Alliance, founded by France and India, is a pioneering organisation with a primary target to mobilise more than US \$1 trillion by 2030, apart from bringing down the overall cost of solar energy installations.
- In March 2021, the EU became a member of the Coalition for Disaster Resilient Infrastructure, which was also co-founded by India.
- The EU has also invested in numerous programmes such as India-EU water partnership, solar park programme, and Facilitating Offshore Wind in India (FOWIND). One of the major investments was the signing of the 200 million EUR loan agreement between the EIB and the Indian Renewable Energy Development Agency.
- **EU – India Clean Energy and Climate Partnership:** It aims to strengthen cooperation on clean energy and the implementation of the Paris Agreement. The EU and India are working towards a clean energy transition to become less dependent on energy imports and to increase energy security.

Connectivity:

- During 2021 virtual summit, the two sides launched a “**connectivity partnership**” to pursue sustainable joint projects in other countries, particularly those in Africa, Central Asia and the Indo-Pacific region.
- The India-European Union (EU) Connectivity Partnership will be a vital component of the EU’s Global Gateway initiative that aims to create ‘links and not dependencies’ through investments in quality infrastructure in order to connect goods, services, institutions, banks, businesses and people across the world.

Global Gateway Initiative: For the European Union (EU), China is both a crucial trading partner, and an economic competitor and systemic rival. Aiming to align with third countries for mutual benefit to offset China’s influence, the EU, on 15 September 2021, launched its Global Gateway initiative. A connectivity initiative designed to counter China’s

Belt and Road Initiative (BRI). It has dedicating €300 billion for Global Gateway investments between 2021 and 2027.

Research and Development: India participates in international ITER fusion project, which aims to demonstrate the scientific viability of fusion as a future sustainable energy source.

Environment and Water: The EU and India also cooperate closely on the Indian Clean Ganga initiative.

City to City Cooperation: There is city-to-city cooperation between European and Indian cities such as Mumbai, Pune and Chandigarh in a first phase and twelve more cities involved in the current phase. Now it is being formalized in an India-EU Partnership for Smart and Sustainable urbanization, which will support the Indian ‘Smart cities’ and ‘AMRUT’ initiatives to boost joint research and

ICT Cooperation: The EU and India aim to link the ‘Digital Single Market’ with the ‘Digital India’. “Start-up Europe India Network” initiative and EU-India Cyber Security Dialogue are other areas of cooperation..

Migration and mobility: The EU-India Common Agenda on Migration and Mobility (CAMM) is a fundamental cooperation agreement between India and EU.

Convergences:

1. Similar type of multicultural, multi-ethnic and multi-religious societies.
2. Commitment to democracy, human rights and Rule of law.
3. Shared vision of a multipolar world order and strengthening of United Nations.
4. Shared threat of China and convergence on rule based order in the Indo-Pacific.
5. Economic and technological complementarities.
6. Common threat of terrorism, radicalisation and stake in stabilising Afghanistan.

Divergences:

1. BTIA negotiations have not yet been completed.
2. Disagreements over Human Rights issues in India, that India considers as internal matte.
3. EU expressed its displeasure over change in status of Jammu and Kashmir.
4. On Ukraine crisis, many EU nations have criticised India’s stance.
5. On climate change, demands for greater commitment from India.

India-EU on China:

Convergence:

1. Shared threat about China and instability in the Indo-Pacific.
2. EU considers China as a systemic threat and a challenge for European unity and solidarity.
3. Both are opposed to China’s revisionism and debt-trap diplomacy.

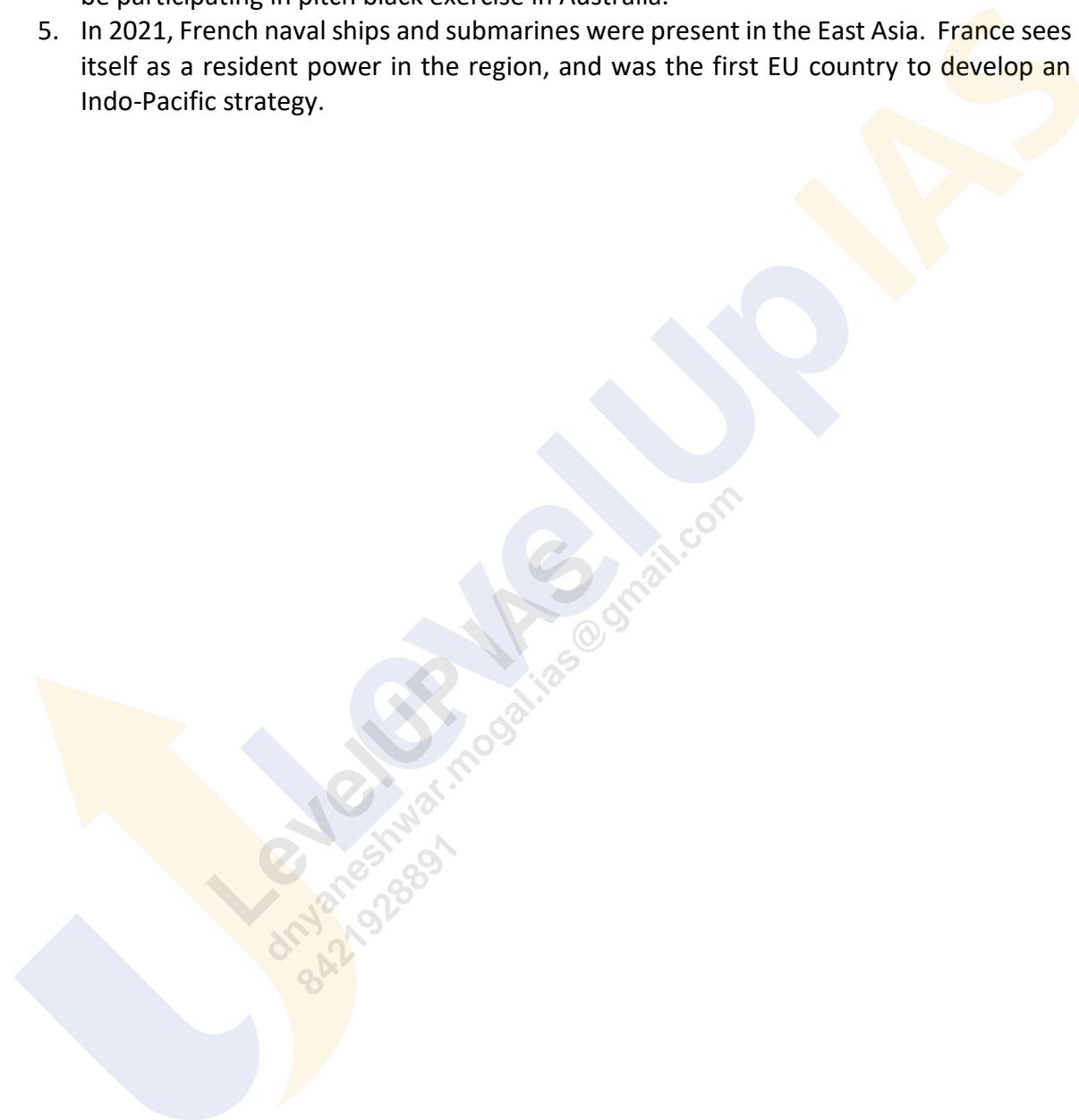
Divergence:

1. EU looks at China more as a market and less as a threat.
2. Both you and China aim to cooperate in tackling climate change.

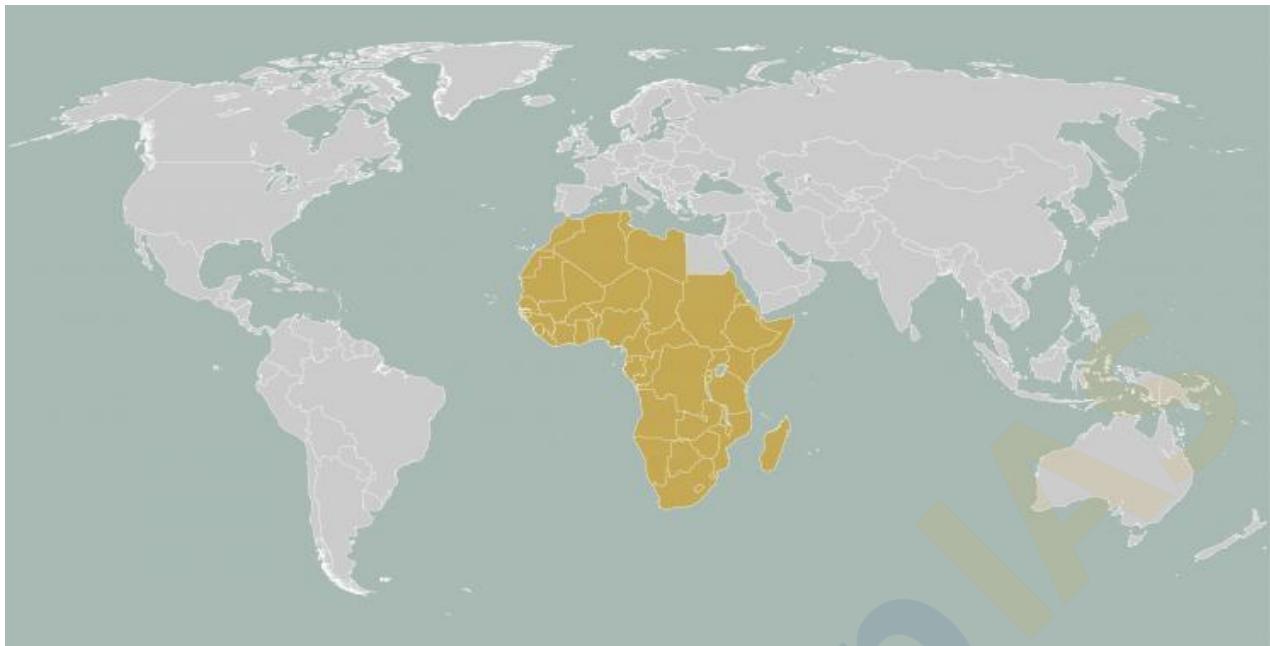
3. EU looks at Russia as a bigger threat compared to China

Indo-Pacific:

1. Both India and EU agree on Free, Open, Peaceful and rule-based order in the Indo-Pacific.
2. ASEAN's centrality is common to the EU's and India's respective Indo-Pacific commercial connectivity agendas.
3. The new German government considers the Indo-Pacific a priority.
4. It has deployed naval ships on patrol in the Indo-Pacific region and its Air Force would be participating in pitch black exercise in Australia.
5. In 2021, French naval ships and submarines were present in the East Asia. France sees itself as a resident power in the region, and was the first EU country to develop an Indo-Pacific strategy.



Africa



Africa is the world's second-largest and second-most populous continent. It covers 20% of its land area. With 1.3 billion people as of 2018, it accounts for about 16% of the world's human population.

It has 54 nations and is rich in mineral resources. That has attracted nations from across the world since the Middle Ages.

Africa is a continent of growth and opportunities. With the young and fastest growing youth population in the world and considerable natural resources and human capital at its disposal, Africa is poised to be a significant growth factor in the global economy. Presently Africa is being seen as a new growth Pole and there has been a scramble for Africa among the major global powers.

Significance of Africa

1. Africa is home to over half a dozen of the fastest growing countries of this decade such as Rwanda, Senegal, and Tanzania etc. Real GDP in Africa and Sub-Saharan Africa in the past decade has grown by more than twice the rate in 1980s and 90's, making it one of the growth poles of the world.
2. Africa accounts for nearly 17% of the world's population today and is expected to reach 25% in 2050.
3. Africa is among the youngest continent with 60% of population below 25 years and has fastest growing population. Thus, it has huge future market potential.
4. Africa has a population of over one billion with a combined GDP of 2.5 trillion dollars making it Ideal market and investment destination.
5. Africa is resource rich, dominated by commodities like crude oil, gas, pulses and lentils, leather, gold and other metals. This provides for economic Complementarities for both developed and developing economies.

6. The energy resources with Africa is key to the diversification strategy of many developing nations like India and China.
7. The number of countries in Africa make it an important block for voting at platforms like UN and WTO.
8. Africa has emerged as new battleground for major powers like India, China, USA and Europe to increase influence due to its resource richness, economic potential and voting power at global platforms.
9. The instability in Africa due to civil wars external interventions and terrorism has resulted in refugee crisis. This has added another layer to the challenges of geopolitics.
10. Geographically, Africa becomes important due to its location around critical sea lanes like Bab el mandeb and Suez Canal.
11. Since Africa shares its boundary with the Indian Ocean, it is important for the safety of sea lanes of communication.

African Union:

1. African Union, a Union of 55 member states, was founded on 26 May 2001 in Addis Ababa, Ethiopia, and launched on 9 July 2002 in Durban, South Africa. It replaced the Organisation for African Unity.
2. The highest decision-making organ is the Assembly of the African Union, made up of all the heads of state or government of member states of the AU.
3. The AU also has a representative body, the Pan-African Parliament, which consists of 265 members elected by the national legislatures of the AU member states.
4. The Executive Council, made up of foreign ministers of member states, prepares decisions for the Assembly.
5. The Economic, Social, and Cultural Council (ECOSOCC), a civil society consultative body.

Agenda 2063:

Agenda 2063 is a set of initiatives proposed and currently under implementation by the African Union. It was adopted on 31 January 2015. The stated goals of the agenda are **economic development** (including the eradication of poverty within one generation), **political integration** (in particular through the establishment of a federal or confederate United Africa), **improvements in democracy and justice**, establishment of security and peace on the entire African continent, strengthening of cultural identity through an "African renaissance" and pan-African ideals, gender equality, and political independence from foreign powers.

AfCFTA

The African Continental Free Trade Area (AfCFTA) is a free trade area founded in 2018, with trade commencing as of 1 January 2021. It was created by the African Continental Free Trade Agreement among 54 of the 55 African Union nations. The free-trade area is the largest in the

world in terms of the number of participating countries since the formation of the World Trade Organization.

India- Africa Relations

During struggle for independence, India always advocated for anti-colonialism and anti-imperialism in Africa. After Independence India took up the cause of decolonisation of African continent through the platform of Afro Asian Summit, Bandung Declaration of 1955 and NAM. End of racial struggle and decolonization became the rallying point of India–Africa relations.

However the relationship suffered because of instability in the African continent and India's focus on protectionism and import substitution. Since the beginning of 21st century, the relationship has grown by leaps and bounds across multiple sectors like economy, security, capacity building, tackling climate change etc.

Economic Relations:

- India's economic relations with Africa are truly multi-faceted, with the Indian Government extending timely grant-in aid to African countries, concessional lines of credit (LOCs), capacity building and technical assistance, supporting major projects in Africa, establishment of industrial units, among others.
- The India-Africa bilateral trade has been growing steadily, year-on-year, with the trade volume touching almost \$100 billion in 2022-23, and aims to double it to \$200 billion by 2030. India is the fifth largest investor in Africa with cumulative investments of \$ 54 billion.
- Bilateral trade is almost balanced with exports being US\$ 51.2 Billion and imports being US\$ 46.65 Billion in FY 2022-23.
- India has also signed bilateral trade agreements with more than 20 African countries.
- Africa has been one of the largest beneficiaries of Government of India's LOCs that currently amount to more than US\$ 6.3 billion out of an overall commitment of US\$ 10 billion.
- India's Duty-Free Tariff Preference Scheme (DFTP) for Least Developed Countries (LDCs) has benefitted 38 African countries and contributed to the expansion of India-Africa bilateral trade,
- In pursuance of trilateral cooperation with Africa, India is collaborating with Japan and Kenya to build a cancer hospital and is collaborating with UAE to set up a centre of IT Excellence in Ethiopia.

Political Engagements:

- India has setup **India-Africa Forum Summit (IAFS)** as a dedicated platform for engagement between India and African nations. Both India and Africa have aligned with each other on the platforms like Climate Change Negotiations, UNSC reforms and WTO.
- Over the last five years, India's top leaders have made 34 visits to African nations, and India had hosted nearly 100 African leaders for diverse bilateral and multilateral engagements.
- The Government of India identified 18 African countries including Burkina Faso, Cameroon, Cape Verde, Rwanda, Somalia, among others where new missions would be opened. This will result in Indian missions in 47 out of 54 countries.
- At the recently held G20 summit in India, African Union was made a permanent member of G20.

Security Cooperation:

- In the post-colonial Africa India had assisted to set up military academy in Ethiopia, defence college and Naval war college in Nigeria besides setting up air force in Ghana and training military personnel in number of African countries.
- India have had defence partnerships with Zambia, Nigeria, Ghana, Ethiopia, Botswana, Uganda, Namibia and Mozambique and is seeking to expand this to include more countries across the vast continent.
- India has coastal surveillance radar networks along Madagascar, Mauritius and Seychelles.
- East African nations share boundary with Indo-Pacific region and are key to augmenting India's strategy with respect to maritime security. East African nations form a critical part of India's Indo-Pacific strategy with India having signed multiple defence, trade and shipping agreements over the last few years.
- India is one of the largest contributors to peacekeeping in Africa and has participated in all the UN peacekeeping missions in Africa
- India has also built up its credentials as the first responder as in times of crisis in the Indian Ocean region.
- The first-ever India Africa Defence Ministers Conclave (IADMC) was held in Lucknow in conjunction with DefExpo in 2020. The dialogue will be conducted alongside every defence Expo. During the expo, both sides recognised the common security challenges such as terrorism and extremism, piracy, organised crime including human trafficking, drug trafficking, weapon smuggling and others and agreed to collaborate to tackle them together.
- AFINDEX- Africa India joint exercise. In its second edition in 2023, India reiterated its commitment to providing support to African partner-countries in all defence related matters—including capability enhancement of their Armed Forces—to ensure their economic growth and social development.

Energy Cooperation:

- India imports around 15% of its energy needs from Africa. Energy cooperation is also a key subset of India's development partnership with Africa. Under the International Solar Alliance (ISA) a sizeable share of India's concessional credit has been earmarked to Africa.
- Africa is an important component of One Sun One World One Grid project under International Solar Alliance.
- India and Morocco will explore joint electrification projects in Africa.

Diaspora Relations:

There is More than 3,000,000 people of Indian descendants in Africa. Indian Diaspora in Africa constitutes 12.37 per cent of the total Diaspora of India. A large chunk of Indian diaspora continues to live in African countries such as Kenya, Uganda, Mauritius, and Nigeria.

- India is also seeking to reinvigorate its cultural links with East Africa under the rubric of Project 'Mausam', an initiative of the Ministry of Culture.

Education and Capacity Building:

- India is investing in capacity building providing more than \$1 billion in technical assistance and training to personnel under the Indian Technical and Economic Cooperation (ITEC) program.
- India has invested \$100 million in the Pan-African E-Network to bridge the digital divide in Africa, leveraging its strengths in information technology.
- India is also helping Africa to bridge the digital divide through the 2nd phase of the pan-Africa e-Network project – e-VidyaBharati and e-ArogyaBharati Network Project, which aims to provide 5-years free tele-education to 4,000 students, free medical education to 1,000 doctors/nurses/paramedics and free medical consultancy.
- Solar Mamas trained at Barefoot college in Rajasthan and playing key role in solarisation of Africa.

Developmental Initiatives:

- India has executed 194 developmental projects in 37 African countries and is currently working to complete 77 more projects in 29 countries in the continent, with a total outlay of USD 11.6 billion.
- India and Japan have jointly launched Asian Africa Growth Corridor to boost connectivity in Asia and Africa and compete against China's BRI.
- The India- EU connectivity partnership includes Africa as an area of collaboration with a value-based approach.

India Africa Forum Summit:

The India–Africa Forum Summit (IAFS) is the official platform for the African-Indian relations. IAFS will be held once in every three years. First Summit- 2008, Second Summit- 2011, Third Summit- 2015.

Third summit was the largest-ever turnout of African leaders in India. Leadership from all 54 African nations were present. The fourth summit has been postponed due to Covid-19 pandemic.

Assistance during Covid-19:

Under India's landmark '**Vaccine Maitri**' initiative, India gifted 150 metric tonnes of medical supplies to 25 African countries. In addition, India supplied 25 million doses of vaccines that were produced within the country to 42 countries in the African region.

India's Approach towards Africa: Outlined at a speech in Ugandan Parliament by PM Modi.

1. Africa will be at the top of our priorities. We will continue to intensify and deepen our engagement with Africa. As we have shown, it will be sustained and regular.
2. Our development partnership will be guided by your priorities. We will build as much local capacity and create local opportunities as possible. It will be on terms that are comfortable to you, that will liberate your potential and not constrain your future.
3. We will keep our markets open and make it easier and more attractive to trade with India. We will support our industry to invest in Africa.
4. We will harness India's experience with the digital revolution to support Africa's development; improve delivery of public services; extend education and health; spread digital literacy; expand financial inclusion; and mainstream the marginalised.
5. Africa has 60 percent of the world's arable land, but produces just 10 percent of the global output. We will work with you to improve Africa's agriculture.
6. Our partnership will address the challenges of climate change.
7. We will strengthen our cooperation and mutual capabilities in combating terrorism and extremism; keeping our cyberspace safe and secure; and, supporting the UN in advancing and keeping peace.
8. We will work with African nations to keep the oceans open and free for the benefit of all nations. The world needs cooperation and competition in the eastern shores of Africa and the eastern Indian Ocean.
9. As global engagement in Africa increases, we must all work together to ensure that Africa does not once again turn into a theatre of rival ambitions, but becomes a nursery for the aspirations of Africa's youth.
10. Just as India and Africa fought colonialism together, we will work together for a just, representative and democratic global order that has a voice for one-third of humanity that lives in Africa and India.

Challenges:

1. Limited economic muscle, delay in project execution leads to mistrust about Indian commitments.
2. Lack of any grand strategy or dedicated policy in engagement with Africa.

3. Disconnect between India's development assistance to Africa and economic engagement with the continent.
4. India's development funds are channelized through African Union without significant role of Indian embassies in respective countries.
5. Mistreatment of African students and visitors in India generates animosity within African society.
6. Indian projects face challenge not only from China, but also from Europe and USA.
7. No project has been announced under Asia Africa growth corridor, seen as an alternative to BRI.
8. Lack of regular engagements. IAFS meetings have been too few and irregularly.

Report on Africa by Vivekananda International Foundation

The 20-member **Africa Expert Group (AEG)**, established by the **Vivekananda International Foundation (VIF)**, recently presented the Report entitled '**India-Africa Partnership: Achievements, Challenges and Roadmap 2023'**

- It states that Africa is slowly **heading toward regional integration** and is devoted to **democracy, peace and progress**.
- **It has portrayed** China's role as '**the infrastructure developer**', '**the resource provider**', and '**the financier**' to the region.

Recommendations:

- **Political and diplomatic cooperation:** Political and diplomatic cooperation should be strengthened by restoring periodic leaders' summits through the **medium of the India-Africa Forum Summit**; the last summit was in 2015.
- **Dialogue with African Union (AU):** Besides, a new annual strategic dialogue between the chairperson of the **African Union (AU)** and India's External Affairs Minister should be launched in 2023.
- **AU's entry into the G-20:** Another recommendation relates to forging consensus among G-20 members on the **AU's entry into the G-20 as a full member**.
- **Defence and security cooperation:** The government needs to increase the number of **defence attachés deployed in Africa**, expand dialogue on defence issues, and expand lines of credit to facilitate defence exports.
- **Economic and development cooperation:** India-Africa trade touching \$98 billion in FY22–23 is an encouraging development. But it can go up if access to finance through the **creation of an Africa Growth Fund (AGF)** is ensured.
- **Socio-cultural cooperation:** Socio-cultural cooperation should be increased through **greater interaction** between universities, think tanks, civil society and media organisations in India and select African countries, **Visa measures for African students** who come to India for higher education should be liberalised and they **should also be given work visas** for short periods.

China in Africa

1. China is Africa's largest trade partner with bilateral trade more than \$254 billion. It is 4th largest investor with total investment of \$43 billion.
2. Total Chinese loan to Africa is more than \$148 billion, making it single largest creditor to Africa.
3. China's first overseas military base is Djibouti, in the horn of Africa.
4. 39 countries from Africa support the BRI, with mostly coastal nations.
5. Since 2009, China has overtaken the United States as Africa's largest trade partner, bilateral trade between the two topping \$254 billion as of 2021.

Forum on China–Africa Cooperation (FOCAC)- Held regularly every three years. Til now, eight summits have taken place, latest one in 2021.

Security Cooperation:

1. China supports Africa's military transformation by providing equipment, advanced technology, and independent capacity-building.
2. The "China-Africa Defence and Security Forum" is an important development in this context as it promises to be a major ideation forum.

Challenges:

1. The unilateral nature of the initiative, the lack of transparency and accountability to African countries, and the absence of projects that directly benefit locals have raised suspicions and fuelled local resentment.
2. Frequent local protests and harassing and kidnapping of Chinese workers in countries like Nigeria, Uganda and Tanzania.

India Vs. China in Africa

1. At 3rd IAFS, India offered \$10 billion investment, while at the 2018 Forum for China–Africa Cooperation in Beijing, China offered Africa \$60 billion for development financing until 2021.
2. Because of the social capital India has in Africa, its presence is welcomed by African countries in a way that China's is not.
3. China goes for large infrastructure projects while India is mainly focussed on HICDPs and capacity building initiatives.
4. Chinese projects are extractive and strategically located while India's projects are as per needs of respective countries and funds are handled by African Union.
5. Some of Indian initiatives like Solar Mamas have been globally acknowledged.

Suggestions:

1. To overcome the China challenge in Africa, increased cooperation between India and its international allies should be priority. The recent India-EU Summit has identified Africa as a region where a partnership-based approach will be followed.

2. The fourth summit, pending since last year, should be held as soon as possible, even if in a virtual format.
3. Rather than playing catch-up with China, India should leverage its own unique strength in areas like capacity building, entrepreneurship, MSME etc.
4. Undertake projects under AAGC and synergise between Act East and PQI.
5. Take direct control of development programme by involving respective missions, rather than handing it to AU intermediaries.
6. Disburse aid bilaterally and align it to national priorities of respective states to make them stakeholders.



Latin America

Latin America is the portion of the Americas comprising countries and regions where Romance languages—languages that derived from Latin—such as Spanish, Portuguese, and French are predominantly spoken. The term was originally used to refer to places in the Americas that were ruled under the Spanish, Portuguese, and French empires.

Latin America has almost 13% of earth's land surface area, 652 million population and a GDP of around \$5.1 trillion.



India- Latin America Relations

Mexico was the first Latin American country to recognize India after its independence in 1947. When Fidel Castro ousted the Batista regime in Cuba in 1959, India was one of the first countries to recognize the new government, set-up an embassy in Havana and establish diplomatic relations.

Importance of Latin America:

1. The region is very important for India in order to achieve its global ambitions like membership of the UNSC, the NSG and at various other negotiations like climate change, terrorism, trade, etc
2. India is cooperating with Brazil at platforms like BRICS, IBSA which has provided an alternative platform for developing countries
3. Having energy rich nations like Brazil, Mexico, Venezuela; region is key to India's energy security.

4. Latin America has three G20 economies, i.e., Brazil, Mexico, and Argentina. Thus, making it a preferable market for Indian businesses.
5. Mineral rich region with strategic minerals like lithium, cobalt, copper etc.
6. Food security- large arable areas in Brazil, Argentina etc.

Economic Relations:

- The annual India-Latin America trade had reached \$50 billion in 2022-23, with a target to double it to \$100 billion by 2027. India's exports to Brazil stood at \$10 billion, almost double the exports to Japan.
- Latin America is a key market for Indian cars (28%), Motor cycles (22%), pharmaceuticals and IT services.
- India imports edible oils and sugar from Brazil and Argentina; copper and precious metals from Chile and Peru; wood from Ecuador, etc. In turn India exports diesel, textiles and manufactured products.
- Indian companies have a presence in LAC countries in areas such as agriculture, energy, IT, pharmaceutical products, manufacturing and automobiles with total investments in this region amount to \$15 billion.
- India is the fifth largest supplier of pharmaceuticals to Latin America. Over two dozen Indian IT companies have service and development centres there.
- Under India's development partnership initiative, New Delhi has extended 35 lines of credit to partners such as Bolivia, Cuba, Jamaica, Guyana, Honduras, Suriname, Nicaragua.
- India has promoted a strategic partnership with Brazil; a privileged partnership with Mexico. India has PTA with MERCOSUR. Mercosur is a South American Trade Bloc. Its full members are Argentina, Brazil, Paraguay, and Uruguay.
- India is looking at exploring the potential of region for defence exports.

Indian investment in Latin American hydrocarbons, pharma, automobiles, agro-processing, engineering, textiles, chemicals, electronics is estimated around \$20 billion.

India's top leaders have made 34 visits to the Latin America and the Caribbean region in the past nine years, including four by PM Modi.

Energy Security: India now imports 20% of its crude oil from Brazil, Columbia, Mexico and Venezuela. Latin America is also an important partner in the India led International Solar Alliance.

Food Security: Latin America can also contribute towards food security. The region is five times the size of India and has only half the population. India imports soy oil from Argentina and Brazil and more than 20% of its edible oil from the region. Surplus arable land with Latin America can be key to India's food security.

Cheaper imports: Latin America is also very rich in minerals such as copper, lithium, iron ore, gold and silver, and could give India an opportunity to increase investments for their extraction as well as for their import at cheaper rates.

India is trying to acquire cobalt and lithium mines in Argentina, Bolivia and Chile.

Challenges:

1. Geographical distance and lack of connectivity.
2. Language barrier: Spanish and Portuguese are the dominant languages in the region, while India's official language is Hindi and English.
3. India lacks membership of key institutions like Inter-American Development Bank. However, India has PTA with Mercosur.
4. India lacks diplomatic presence and engagement with whole nations. Its engagement is limited to key nations like Mexico, Brazil and Argentina.

Suggestions:

1. As suggested by Dr. Jaishankar, two sides should negotiate mobility agreements since legal mobility is becoming increasingly important and mutually beneficial in a knowledge economy
2. Ensuring diplomatic presence in all Latin American nations.
3. High level diplomatic engagements with all Latin American nations, apart from Mexico, Brazil and Argentina.
4. Government should complement the engagement by private sector in the region.
5. Going for joint development of lithium mines in lithium triangle nations. This can be key to domestic battery manufacturing and achieving green mobility targets.
6. Given India's status as the fifth largest economy and the country's rising demand for oil, gas, strategic minerals and food, the two sides should work on resource partnerships. Indian products and services can also meet the needs of the middle class of LAC countries.

Indian Diaspora

International Migration 2020 Highlights by UNDESA (UN Department of Economic and Social Affairs) has said that the Indian Diaspora (18 million residing outside India in 2020) is the largest in the world.

The Indian diaspora around the world now stands at 31.2 million, of which PIOs were 17 million and NRIs were 13 million, spread across 146 countries in the world.

According to Reserve Bank of India, India received approximately \$107.5 billion in remittances in 2022-23 with USA being the biggest source, accounting for over 23% of these funds.

Nearly 200 persons of Indian origin, according to some estimates, occupy leadership positions in about 15 countries; about 60 per cent of them are in cabinet positions. President Joe Biden has appointed nearly 140 Indian Americans to key positions in the administration. Indian-origin men and women also lead top businesses, universities, scientific establishments, and civil society in the English-speaking world.

Evolution of Policy towards Diaspora:

During pre-independence period, The Indian political elites had shown solidarity and shared their concerns with the Indian expatriates through deputations by the Congress delegates. the plight of Indians abroad was a major issue for the independence movement led by Indian National Congress.

After achieving independence in 1947, there was a paradigm shift in the position of Diaspora policy as a result of India's foreign policy being guided by Nehruvian ideals of anti-imperialism and racial apartheid, respect for Sovereignty and non-alignment.

The then Prime Minister of India, Jawaharlal Nehru categorically announced that ethnic Indians who chose to remain abroad would consider themselves as citizens or nationals of their respective host lands. In fact, they were encouraged to integrate with host culture and fight for the liberation of their adopted lands.

- Even during the nationalist backlash against the Indian communities in Africa and Asia in the 1950s and 1960s, Delhi consciously distance itself from the Indian communities abroad.
- As India turned inwards, Delhi also took a dim view of the “brain drain” as many well-trained Indians began to look for opportunities elsewhere.
- It was only in the late 1980s that Delhi began to rethink its approach to the diaspora.
- **PM Rajiv Gandhi** was the first to appreciate the potential role diaspora could play in advancing national development and improving India's ties with the US.
- In 2000, the **Pravasi Bharatiya Divas** was commenced to mark the contribution of the overseas Indian community towards development of India. A separate Ministry for Overseas Indians was also formed under PM Vajpayee. In 2016, it was merged with the Ministry of External Affairs.
- Since then, successive governments have harnessed the diaspora for national development.

- With coming of Modi government, diaspora has got even greater centrality in both domestic and foreign policy.

Some innovative initiatives for the diaspora are Know India Programme (KIP) and Study India Programme (SIP), Pravasi Teerth Darshan Yojana, Indian Community Welfare Fund (ICWF) etc.

Countries Hosting Indian Diaspora -2020

- United Arab Emirates (UAE) – 3.4 million
- United States of America (USA) – 2.7 million
- Saudi Arabia – 2.5 million

Role of Diaspora:

- Projecting India's soft power: In most of the nations, they are the richest minority and act as "bridge-builders" between India and their adopted countries.
- Lobby for India's national interests
- Support economically through investment and remittances.
- Ambassadors of India's syncretic culture and traditions
- Contribute economically to India's rise through investments and helping in mobilising investments in India.
- Key to Changing negative perception about India and creating a positive perception.

Indians in the Gulf

- Around 8.5 million Indians live and work in the Gulf countries, one of the largest concentrations of migrants in the world.
- The geographical and historical proximity, demand for blue-collar workers in the gulf makes it a convenient destination for Indians.
- Today migrants from across India are working and living in the Gulf countries (Saudi Arabia, UAE, Qatar, Bahrain, Oman, and Kuwait).
- Source of remittance for India.
- Concern of Indian workers has been a concern in India's engagement with the Gulf.

Benefits:

- It has deepened the relations between India and the gulf states.
- A win-win relationship- where gulf states get the much-needed workforce and Indians get employment and India gets remittances.
- Indian businesses are among the biggest investors in the gulf region

Challenges:

- Harsh punishments like death sentence for common crimes to Indians puts Indian diplomacy in a tight spot. Recently, Qatar awarded death sentence to eight Indians.
- Accusations of substandard working conditions and exploitative laws like kafala system.

3. Frequent conflicts in the region and need to evacuate Indians.
4. Economic downturn in gulf states, new laws like Kafala system and Covid-19 pandemic have restricts employment opportunities for Indians.

Indians in USA and West:

- The diaspora is highly educated and goes to the USA for better employment opportunities, higher education, research and development.
- Migration has increased substantially after the IT revolution.
- In recent decades the population has grown substantially with 2.4 million Indian immigrants' residents in the United States as of 2015.
- This makes the foreign-born from India the second-largest immigrant group in the US after Mexicans.
- Indian diaspora in the USA is both politically and economically influential. They are among the most educated and high per capita income group in the USA.
- They have played key role in strengthening India- USA relations.

The Indian Diaspora has evolved over three phases in U.S, firstly the pursuit of education and employment, secondly, as major source of remittances (\$10.657 Billion annual remittance from US to India in 2017) and thirdly as effective players in impacting the dynamics of U.S.

Indians are among innovators, investors and entrepreneurs creating job opportunities and giving edge to the US and European economies.

- Sunder Pichai (Alphabet), Satya Nadella (Microsoft), Ajay Banga (Master Card), 34% of Microsoft employees in US are of Indian origin.
- 12% scientists in USA are Indians.
- 36% of NASA scientist in US are Indians.
- Prominent politicians: Nicky Helly, Pramila Jaypal, Rishi Sunak

Leading Indian-American entrepreneur and activist Swadesh Chatterjee in his book 'Building Bridges: How Indian-Americans Brought the United States and India Closer Together', provides a first-hand account of the involvement of the influential community in getting the deal through the US Congress. It was a grassroot campaign by Indian-Americans, who literally flooded their lawmakers with emails, letters and faxes, that saw the Indo-US civil nuclear agreement pass through the Congress, says a new book on the unprecedented coming together of the community for the deal.

Issues:

1. It creates scope for interference in India's domestic politics. E.g.- during protests against agricultural laws.
2. India gets involved in cases of discrimination and hate crimes. This might distract attention from other substantive issues.

3. Changes in migration related rules like H1-b visa (USA) and Mode-4 migration (EU) have been key areas of concern in diplomatic negotiations.
4. Activities of Khalistan-supporters, aided by ISI and other anti-India elements have created a new challenge and has potential to disrupt the bilateral relations.
5. Accusations of India's involvements in assassinations and assassination attempts of terrorists in foreign nations has emerged as a new area of Challenge in the bilateral relations with these nations.

Indians in Africa:

There is More than 3,000,000 people of Indian descendants in Africa. Indian Diaspora in Africa constitutes 12.37 per cent of the total Diaspora of India. A large chunk of Indian diaspora continues to live in African countries such as Kenya, Uganda, Mauritius, and Nigeria.

They are mainly the descendants of indentured and ex-indentured labourers who had been taken by the colonial regime to work on the farms. In recent times, people have moved for investment and business purposes due to booming economies of Africa. However, the government gives lesser attention to the African diaspora compared to d diaspora in the gulf or in the Western nations

Prominent People:

Prime Minister of Mauritius Praveen Jagannaath

Bhimji Shah (Kenya), Sudhir Rupareila (Uganda) is among the richest Africans.

Challenges:

1. Indian businessman like Gupta brothers found involved in money laundering dents the image of honest business practices by Indian diaspora.
2. Incidences of hate crime that occurs sometimes in Kenya, South Africa etc.
3. Sentiments about Indian businesses as exploiters in the past during Idi Amin regime has started emerging again in countries like Tanzania.

India in South East Asia:

1. The Indian civilization naturally extended to the territories of present-day South-East Asia. The spice and silk routes helped in exchange of ideas, culture and people apart from trade.
2. There is no uniformity in terms of social, political and economic progress among Indians in South East Asia.
3. Indian diaspora is in key position in the areas like IT, education and technology in Singapore, Philippines, Malaysia etc.
4. In Singapore, prominent persons of Indian origin include former President Late S. R. Nathan and Late S. Rajaratnam, an influential personality in the public life of Singapore.
5. Indians are also well represented across judiciary, civil services and armed forces.

6. The economic and social status of Indian vis-à-vis Chinese and locals are not satisfactory in nations like Malaysia.
7. The Indian community's contribution to Malaysia's GDP is about 2% and its share in Malaysia's international trade is about 3%.

Steps taken to deepen engagements:

- Pravasi Bharatiya Divas
- Merging of PIO and OCI cards:
- National Pension Scheme for NRIs
- Overseas citizenship of India scheme
- Know India Programme
- Pravasi Teerth Darshan Yojana
- Scholarship Programmes for Diaspora Children ([Click here for Website....](#))
- Indian Community Welfare Fund (ICWF)
- Pravasi Bharatiya Divas Conferences
- India Development Foundation of Overseas Indians (IDF-OI)