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# VIF Expert Groups Reports



Edited by Naval Jagota



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## Editor's Note

In December four expert group discussions and one conference on Taiwan were organized by the Vivekananda International Foundation through webinar on events and topics extending from India's neighbourhood to West Asia to China. Each of the members of the expert groups brought rich flavor and knowledge on the topic through their varied professional backgrounds (military, diplomacy and academia). This issue contains reports of the West Asia, Pakistan, Indo-Pacific, China Expert Groups and Taiwan Conference report. In addition one article authored by Dr Sreeradha Dutta on India's neighbourhood was re-published for its relevance.

The discussions ranged from exploring Pakistan's foreign policy objectives in West Asian region and analysing the repercussions of Iran and Saudi Arabia's regional rivalry on its economic and political stability. In the Pakistan study group the topics discussed were Pakistan Democratic Movement (PDM), judicial verdict on non-elected advisors, COVID resurgence, LOC de-escalation, Dossier politics, another bailout from China, and the Afghanistan peace process. In the webinar with Taiwan the discussions were on India-Taiwan Relations, Prospect for Economic Cooperation Agreement and Cyber-security: Experiences in India and Taiwan and prospect

for cooperation.

In the Indo-Pacific experts group the discussions were on the possible fallouts of the Biden presidency on the Indo-Pacific in 2021 as well as other potential challenges and opportunities for India. The flavour of Biden's election continued with the experts in the China group discussing the subject of "Likely US-China Relations under Joe Biden: Implications for India". An abridged article published in the Journal of Governance, Security & Development, Jan 2021 of Centre for Governance Studies, Bangladesh by Dr Sreeradha Datta on "India's Engagement with the Neighbourhood- through the Covid-19 Pandemic" rounds up the December edition.

The coordinators and researchers associated with these Expert Groups have put unfaltering efforts to coordinate the meetings and collate the notes for the reports in this issue.

**Naval Jagota**

**New Delhi**

**January 2021**

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### Pakistan in West Asia

Compiled by Hirak Jyoti Das

West Asia Experts Group meeting was held virtually on 09 December 2020 by Vivekananda International Foundation. The discussion was focused on exploring Pakistan's foreign policy objectives in West Asian region and analysing the repercussions of Iran and Saudi Arabia's regional rivalry on its economic and political stability. The members attending and contributing were Anil Trigunayat, Amb. D P Srivastava, Amb. Sanjay Singh, Amb. Arun K Singh, Amb. K P Fabian, Vice Admiral Satish Soni, Amb. Kanwal Sibal, Lt Gen Syed Ata Hasnain, Prof. P R Kumaraswamy, Dr. Meena Singh Roy Dr. Arvind Gupta, Gen. Ravi Sawhney and Naval Jagota.

#### **Pakistan's Policy in West Asia**

West Asia is in a state of flux and the fault lines in the region are shifting from Arab-Israel conflict to rivalries between Iran and Saudi Arabia-UAE -Israel axis as well as resurgence of Turkey as a contender for regional hegemony. The competition among the regional powers heightened in light of the 2011 Arab Spring protests offering new grounds for political and strategic control. The actions and counter-actions by the regional powers have significantly contributed in shaping power equations as well as prolonging instability in several states including hotspots like Yemen,

Syria, Libya, Iraq, Lebanon etc. The changing dynamic has facilitated new ties including the recent normalisation by number of Gulf States with Israel to counter the Iranian and Turkish influence and threat.

India shares cordial ties with all the major powers in the region. She considers the region as part of its extended neighbourhood and follows the policy of non-interference, mutual cooperation and has continuously stressed on the need for regional stability and resolution of disputes through dialogue. The intensification of ties with West Asian states especially with GCC is crucial for her strategic interests and to counter Pakistan's strategic and diplomatic manoeuvring against India.

Since its inception, Pakistan has been preoccupied with the difficult tasks of trying to ensure its political and economic security as well as finding the proper means of providing itself strong sense of national identity. A critical factor in the formulation of Pakistan's foreign policy has been India, which it has perceived not only as a military challenge but also as a diplomatic rival. Therefore, Pakistan has looked outside South Asia and towards Islamic countries in West Asia for a sense of identity especially through OIC (Organisation of Islamic Cooperation), political support and economic assistance.

Pakistan occupies a crucial geostrategic location including its maritime zone however it does not have the required economic strength to project itself as a credible regional power. It benefits from the people to people contact in the form of the large diaspora and enjoys firm military ties by providing ground forces to few Gulf States. It has a fairly modern army and being the only Islamic country with nuclear bomb, it has projected the weapon as an Islamic bomb. Pakistan's West Asia policy has primarily been focused on cultural, religious, economic and political ties. Politically, the country has tried to balance relations between Iran and Saudi Arabia while avoiding becoming a third party in various ongoing wars in the Middle East. Throughout its history, Islamabad has mostly emphasized religious commonality and economic aid in its relationships with the Gulf countries. However, in 2020, the long-standing relations between Pakistan

and its traditional allies in the Muslim world, notably Saudi Arabia and UAE, are facing severe tensions due to its concert with Turkey to create an alternate Islamic pole.

### **Iran-Saudi Arabia Power Competition and its Impact on Pakistan**

In Iran, the assassination of prominent individuals by external powers adds to the victim complex and strengthens the legitimacy of the regime and support for the nuclear programme. The killing has strengthened the Islamic Republic's resolve to continue the programme. For Saudi Arabia, the threat perception arises not only from Iran but also from domestic fault lines. The Crown Prince Mohammad Bin Salman has tempered with the collegiality of the princely order by outsmarting them. He has also destabilised the alliance between the ruling family and the clergy. The Crown Prince is also unpopular for losing out in the recent oil wars. The Crown Prince's decisions have been unpopular with the elites making smooth transition of power highly unlikely.

Saudi Arabia and Iran due to their power rivalry have politicised the sectarian fault lines affecting Pakistan's divided society. It is therefore attempting to balance its relations with both Saudi Arabia and Iran. While Saudi Arabia is a crucial financial benefactor for Pakistan, cooperation with Iran is important to stabilise the western borders. Pakistan has treated Afghanistan as its own strategic backyard and it is not likely to let go of the foothold in the near future. Pakistan has traditionally utilised the Islamic aspect to demand more intervention for Muslim majority countries on the Kashmir issue. These states are however, more inclined to tap into India's market for energy and investments. There is a gradual de-hyphenation policy adopted by West Asian states towards India and Pakistan and both states are seen as distinct in terms of their geostrategic and geo-economic advantages.

Pakistan's dynamic in the region and especially with Saudi Arabia is witnessing a change. It is evident that Pakistan at least in the current period would continue to depend on Saudi Arabia; it is looking for

alternative alliances in terms of grouping of non-Arab Islamic states and interest in forming non-Saudi dominated grouping along with Malaysia, Turkey, Iran and Indonesia. These states can only however provide political but not economic support. On the question of impact of regional rivalry in West Asia on Pakistan's economic and political stability, it is likely to continue its dependence on Saudi Arabia-UAE bloc.

Pakistan's engagement with Turkey requires close attention. Turkey however does not have the economic clout to rescue and sustain Pakistan's fragile economy. Qatar, while being financially stable could provide funding to Pakistan in the short term, it would not be able to replace the emotive value of Saudi Arabia and its religious significance. Pakistan's closeness with Saudi led bloc facilitates constant communication and security understandings with the US. This security cooperation has enabled the state to seek loans and grants from the World Bank and the International Monetary Fund.

In terms of Pakistan-Iran relations, it is important to note that the opposition, Pakistan Peoples' Party has deep relations with the Iranian government. Iran's role in Pakistan's domestic politics should therefore be observed. Pakistan as mentioned is seeking to serve as the transit between China and Iran. The success of the trade deal would heavily rely on guaranteeing stability in the security-scarce region. Pakistan, Iran and China may upgrade the security cooperation to safeguard the trade network.

For China, its posture towards religion and religious communities is highly oppressive as evidenced by its treatment of Uyghur, Tibetan, Christian and other minority groups. China cannot be a natural ally in the region with high degree of religiosity. Pakistan, a key Muslim ally for China could serve as effective conduit to penetrate into West Asia. Pakistan also seeks to benefit by serving as transit point for China's trade routes into the region. However, China has quietly ensured its strategic economic engagement with major states in the region that also support its BRI projects.

## **Pakistan's Policy in the Context of Normalisation**

There is growing realisation within the Gulf States that the bargain of providing financial packages in exchange for ground forces from Pakistan is not conducive in the long-term. The facet of military security assistance is transitioning due to change in the nature of threats. The demand for hi-tech surveillance tools, artificial intelligence, UAVs is likely to grow. Israel could occupy the new space as an effective security partner in the region. In the new kinds of conflict, technology would occupy a broader space and the need for manpower may decline.

In the background of Israel's normalisation with few Arab states, Pakistan has stated its traditional line of developing ties with the Jewish state in exchange of the successful implementation of the two-state solution. It should however be noted that Pakistan under the radar has developed extensive ties with Israel and presence of Pakistani students, researchers etc are quite common in Israeli cities.

Covert relations between Israel and Pakistan have always existed since 1948, however domestic support for Palestinian cause hindered open acceptance of ties. Pakistan's dependence on the US has further increased covert cooperation with Israel. The Pakistani polity is facing dilemma between the realist stream that sees that benefits in normalisation and the more prevalent idealist stream based on supporting the Palestinian cause for religious reasons. No wonder PM Imran Khan referred to deflecting pressure for normalisation with Israel from some close friends obliquely referring to Saudi Arabia and UAE.

## **India's Options**

India over the years has expanded naval and air cooperation with Persian Gulf states and Indian Navy and Air force chiefs have visited the region on several occasions. The Gulf States are highly interested in intensifying cooperation with India. India as compared to Pakistan has however been more reticent to increase cooperation with the region. Pakistan was quick to sign MOUs to provide ground forces and assumed the role of

security provider. India rather than focusing on providing troops should participate in modern war tactics and collaborate in Artificial Intelligence, cyber warfare, surveillance tech. India is one of the founding members of the Indian Ocean Rim Association (IORA) and it can utilise the forum to develop naval cooperation with other members from the region namely Iran, Oman, UAE and Yemen. India should capitalise its experience in higher education and promote academic exchanges, scholarships focussing on the region and tap into the potential for creating strategic port networks in Red Sea and the Mediterranean Sea.

# Pakistan: Internal and External Developments including Afghanistan's Peace Process

Compiled by Dr. Yatharth Kachiar

A meeting of the Pakistan Study Group was held via video conferencing on 17 December 2020. The main items on the agenda were: Pakistan Democratic Movement (PDM), Judicial verdict on non-elected advisors, COVID resurgence, LOC de-escalation, Dossier politics, another bailout from China, and the Afghanistan peace process. **The Meeting was attended by the following:** Shri Arvind Gupta, Shri Sushant Sareen, Shri Rana Banerjee, Amb G. Parthasarthy, Amb Satish Chandra, Amb TCA Raghvan, Amb Gautam Mukhopadhyay, Amb Amar Sinha, Lt Gen. Ravi Sawhney (Retd), Gen.NC Vij (Retd), Shri Tilak Devasher, Brig. Rahul Bhonsle (Retd) and Gp. Capt. Naval Jagota.

## Pakistan's Internal Developments

### a.) Pakistan Democratic Movement (PDM)

With a massive rally in Lahore on December 13, PDM completed the phase one of its agitation against the Imran Khan government. During this phase, PDM organised anti-government rallies in six cities including Lahore, Gujranwala, Karachi, Peshawar, Multan and Quetta. Recently, the PTI government had imposed a ban on the gathering of more than 300 people due to increase

in COVID- 19 cases across the country. The presence of a significant number of supporters in the Lahore rally despite the increasing COVID cases indicates the level of frustration among the masses against the PTI government. The next phase of the PDM agitation will involve a 'Long March' towards Islamabad and possible resignation of opposition members in the assemblies. The idea is to create pressure on the Imran Khan government for fresh elections.

Despite the traction the constituents of the PDM have among the masses, it will not be easy for the 11-party opposition alliance to dislodge the military-backed Imran Khan government. The Khan government is weak due to its mismanagement of the economy, rising inflation, pandemic, and faltering relations with old allies such as Saudi Arabia. Nevertheless, the PDM will be able to achieve its desired goal only if it can exhaust the Khan government and force it to make errors. Despite various measures by the government and the army, the unity within the opposition movement is strong. The PDM needs to provide a concrete shape to the alternative vision of political culture and democracy that its leaders are espousing since the beginning of the movement.

### **b.) Cabinet Reshuffle**

In December 2020, the Islamabad High Court (IHC) ruled that unelected advisors and special assistants are not eligible to head government's committees nor are they entitled to exercise executive powers. Earlier in August 2020 as well, the IHC had directed that the unelected members of the government should not exercise executive powers. It further stated that only the elected representatives have the privilege to use administrative powers to run the functioning of the government. The recent directive was in response to a petition that challenged the appointment of Abdul Hafeez Sheikh, Abdul Razzak Dawood and Dr Ishrat Hussain as the member of Cabinet Committee on Privatisation (CCoP).

The IHC ruling has prompted PM Imran Khan to reshuffle the Cabinet for the fourth time since coming to power. Recently, PM Khan appointed Hafeez Shaikh as the federal minister for finance, while Sheikh Rashid replaced Ijaz Shah as the Minister of Interior. Further, Sheikh Rashid has been replaced by Azam Swati as the railways' minister while retired Brig Ijaz Ahmed Shah, who earlier held the interior ministry portfolio, has been appointed as minister for narcotics control. Hafeez Sheikh, who is not an elected Member of Parliament, can be a minister for six months as per the Constitution of Pakistan. In order to continue as a minister beyond the six months term, the person would have to be elected to one of the two Houses of Parliament.

The coveted slot of the interior minister which was handed over to Sheikh Rashid is yet another move by PM Khan to tackle the PDM. According to reports, many cabinet members were aspiring for the slot of interior minister, including Minister for Science and Technology Fawad Chaudhry. Despite its coveted position, the Ministry of Interior's domain is not expansive as before. Post the 18<sup>th</sup> Amendment which devolved law and order to the provinces, the territorial limits of the Federal Ministry of Interior is confined to Islamabad. However, some national organisations, like Pakistan Rangers, Federal Investigation Agency, Intelligence Bureau and Pakistan Coast Guards, still come under the purview of the interior ministry. It remains to be seen if as Interior Minister, Sheikh Rashid would offer dialogue and national reconciliation to the PDM, however far-fetched this may seem.

## **Pakistan's External developments**

### **a.) Another bailout from China**

Pakistan received yet another bailout of USD 1.5 billion from its all-weather ally China to repay the USD 2 billion debt to Saudi Arabia. Out of USD 2 billion debt, Pakistan will return USD

1 billion in December, whereas another USD 1 billion is due in January 2021. Unlike previously, Beijing did not extend the current loan to Pakistan from its State Administration of Foreign Exchange, also known as SAFE deposits. The present loan also did not fall into the category of commercial loans. Instead, the two countries have decided to increase the limit of 2011 bilateral currency swap agreement (CSA) to approximately USD 1.5 billion. It has augmented the size of the overall trade facility to USD 4.5 billion.

Since 2011, Pakistan has been using the CSA, a Chinese trade financing facility, to settle its foreign debt and maintain its foreign currency reserves at a steady level for trade-related purposes. The Central banks of China and Pakistan had signed the currency swap agreement in December 2011 to boost bilateral trade, finance direct investment, and deliver short-term liquidity support. In December 2014, the currency swap agreement was renewed for three years, with a total limit of USD 1.5 billion. Again, in May 2018, Islamabad and Beijing decided to renew the agreement for another three years with an overall limit increased to USD 3 billion. This arrangement is particularly advantageous to Pakistan as the current USD 1.5 billion Chinese loans will not reflect on the account books of the federal government and neither will it be treated as part of Pakistan's external public debt.

## **b.) Dossier politics**

By releasing a dossier that supposedly contains inputs on India's support to terrorism in Pakistan Imran Khan has attempted to change the narrative around Rawalpindi's support to terrorism. The Khan government has been trying to build a case against India for over a year. The dossier is an addition to the repeated failed attempts from Islamabad to implicate Indians for terrorism-related activities in Pakistan. One such failed attempt was in September 2020 when the United Nations Security Council

rejected a proposal by Imran Khan, backed China, to designate two Indians as terrorists under the 1267 sanctions committee process. In the previous months as well, the UNSC had blocked proposals to designate four other Indians.

Islamabad has been building the ground to create a public campaign against India of perpetrating terrorism in Pakistan. The narrative building has gained a special place in Pakistan's strategic culture in recent times. Moeed W Yusuf, Imran Khan's special assistant on National Security Division and Strategic Policy Planning, has previously complained that Islamabad had not been able to set a narrative vis-à-vis India on the Kashmir issue. During a press conference, he lamented that the world has to realize that Islamabad's narrative is of economic security and regional peace. During the same briefing, Moeed Yusuf criticized India for propagating its "one-sided" narrative against Pakistan and implicitly stated that Islamabad would soon launch a counter-narrative. He even asked the country's media to contribute towards changing the country's narrative. However, the dossier strategy of Pakistan seems to have failed as it has not gained any traction internationally.

### **Afghanistan Peace Process**

In the last few months, Afghanistan has witnessed an increasing level of violence throughout the country. A series of explosions have targeted the Bagram Airfield and various cities in Afghanistan including Kabul, Baharak district in Badakhshan, Jalalabad in Nangarhar, Nawa district in Helmand, and Pul-e-Alam in Logar province. However, none of the terrorist organisations including the Taliban has claimed responsibility for the recent targeted attacks and killings in the country. This indicates that the Taliban and other terrorist groups are using the new tactics of ambiguity to push the war across the country to a new level of complexity.

The Taliban's tactics of using violence as a bargaining strategy might jeopardize the whole peace process. The US Special Representative for Afghanistan Reconciliation Zalmay Khalilzad in a series of tweets on 20 December called on the Afghan warring parties to swiftly end violence and agree to a political settlement. The United Nations Security Council (UNSC) extended the mandate of the team monitoring sanctions against individuals and entities associated with the Taliban for 12 months, expressing serious concerns about the ongoing violence in Afghanistan. Consequently, the Taliban will remain under severe monitoring sanctions at a time when intra-Afghan negotiations are underway in Qatar.

However, according to various reports, another UN agency, the United Nations Children Fund (UNICEF) has reached an agreement with the Taliban leadership to set up at least 4000 schools in areas under their influence in Afghanistan. This move could prove counter-productive to peace negotiations as it will further legitimise the Taliban and create a state within a state in Afghanistan. The High Council for National Reconciliation recently announced that after the five-day consultation of the Republic team with political leaders, there is a consensus on the timely resumption of the negotiations in Doha on January 5. According to various reports, the Taliban are expected to hold talks with the political and military leadership in Pakistan to discuss the future of peace talks and ongoing violence in the country. In another interesting development, Iran's Foreign Minister Jawad Zarif has stated that Tehran has not removed the Taliban from terrorist groups' list yet.

# India-Taiwan Relations in the Changing Global Scenario

Compiled by Dr. Teshu Singh

The Vivekananda International Foundation (VIF) held a webinar with the Ministry of Foreign Affairs (MOFA), Taipei in collaboration with the Taipei Economic and Culture Centre (TECC) on 18 December 2020. The webinar was attended by Dr Arvind Gupta, Mr Bau-shaun Ger, Mr. Gourangalal Das, Mr. Jayadeva Ranade, Dr Lai Yi-Chung, Mr. Santosh Pai, Ms Kristy Hsu, Dr Gulshan Rai, Dr Lee Yuh-Jye, Dr Ketty W. Chen, Dr Mumin Chen and Lt Gen Ravi Sawhney (retd). The discussion of the webinar was spread over three sessions: India-Taiwan Relations, Prospect for Economic Cooperation Agreement and Cyber-security: Experiences in India and Taiwan and prospect for cooperation.

### Introductory Session

The welcome remarks were delivered by Dr Arvind Gupta. In his remarks he expounded on the importance of India-Taiwan relations. Taiwan's New Southbound Policy and the government of India's Make in India program provide the framework for increasing Taiwanese investment in India. He brought out that apart from the high-tech sectors like semiconductor chip fabrication, electronics et cetera, and there is huge potential in agriculture research, food processing, pharmaceuticals, medical devices, and healthcare. The science and technology agreement between the two

sides should be fully leveraged to enhance cooperation in these areas. It is also worthwhile to look at a bilateral free trade agreement. He stated that about 10 years ago the study was done to explore the potential of a free trade agreement. We should revive those discussions. He also said that people to people contacts are the backbone of any flourishing bilateral relationship. And this field is relatively underexplored thus tourism and education sectors need high-level attention. The post-Covid era War offers **new opportunities** for bilateral cooperation. Both countries will be required to deal with health risks, disastrous, climate change, and the issues of food and energy security. India has a highly ambitious programme of increasing the share of renewable energy in the overall energy mix. Indian and Taiwan should look at these areas for cooperation.

It is at the forefront of Coronavirus **vaccine** research. Several Indian made vaccines are being developed. In this period, India has emerged as a **pharmacy** of the world. India and Taiwan could enhance their cooperation in public health as well as diagnostics.

On the **geopolitical** environment he stated the world is being compelled to deal with a rising **China** which has made no bones about its ambition to shape the world in its own image. Both India and Taiwan are facing **heat** from China. Its **assertiveness** in the region has grown. The need to keep **Indo Pacific** region free and open has never been greater. The emergence of the **Quad** in the context of Indo Pacific cannot be overestimated. The changed geopolitical environment provides a rare opportunity for the two sides to strengthen their cooperation.

In the introductory session, Mr. Bau-shaun Ger highlighted that the representative office was started in New Delhi and Taipei twenty-five years ago. Ever since then the bilateral relations have grown significantly. The trade has grown from USD 9 million in 1995 to USD 7 billion in 2019. Unfortunately, it is just one per cent of Taiwan's total trade value. The Taiwanese investment in India has increased and reached several 100 million in 2019. Hence there is a big room for growth. Mr. Ger opined "now, it is the opportune time for both the countries to come up with a

strategy for fostering economic engagement and pushing for (Economic Cooperation Agreement) ECA covering trade in goods and services and investments.” The signing of the Economic Cooperation Agreement (ECA) is perhaps a good way to upgrade economic partnerships. More than 90 per cent of Taiwanese businesses are small and medium enterprises (SME). The technology, innovation, international park project in Bengaluru by Century Development Corporation (CDC) is the ideal mode to facilitate, Taiwan’s SMEs investment in India. He emphasized “The completion of the CDC project is in India’s best interest. Taiwan is interested to see a fast and successful integration of this project. If it turns out to be a success, then many more similar projects will come across India.” He stressed that partnership and cooperation should not be limited to trade and the economy. Taiwan and India need to explore greater cooperation in the areas on national security, mandarin language training, intelligence sharing, defence manufacturing and cyber security. The current international political order was established after the end of the Second World War. The system is not perfect; it is not fair that India is not a permanent member of the United Nation Security Council. It is equally unacceptable that Taiwan continues to be squeezed by China.

Mr. Gouranglal Das emphasised that it is the right environment for a reset in India-Taiwan relationship, all the constellations are in place. The policy environment in both India and Taiwan are very conducive. India is focusing on the Act East policy and its implementation in a very big way. Likewise, Taiwan is also pursuing New Southbound Policy. The level of public awareness is extremely high at this point due to Taiwan’s extremely successful response to the pandemic. The infrastructure of people to people exchanges, particularly the educational exchanges, has been in place and proven extremely beneficial to Indian students who are studying in Taiwan.

Mr Das underlined that “currently, Taiwan is experiencing a lower level of birth rates and its population is declining, so, if India can address this problem. This will also be beneficial to India in terms of enhancing the mobility of the labour force in India. The supply chain realignment is now

beginning to happen in a very significant manner. The global geopolitics is at a point of no return, it's in a dynamic state, in a very state of flux. Both sides can utilize the opportunity appropriately. This will bring in a lot of good returns for India-Taiwan relationship. Mr Das advocated for greater think tank interaction from both sides and said: "there should be full use of the dynamism of the think tanks on both sides. Taiwan has excellent think tanks and they should provide an opportunity for a frank and candid discussion on regional and global issues."

### **India-Taiwan Relations**

There is a fresh flux of geopolitical uncertainty where India and Taiwan both face the prospect of being impacted by the development. In the changing geopolitical scenario, the Indian participant advocated for cooperation in submarine and aircraft building, training of Taiwanese armed forces in India. It was also suggested that India needs to now start pushing for Taiwan's entry into the World Health Organization (WHO) and other United Nation linked organization. Taiwan can be positioned or looked at by the international community as a kind of regional hub for natural disaster management, weather and natural calamities.

Indian tourist should be encouraged to visit Taiwan. Also, Bollywood should shoot in Taiwan. It will give more recognition to Taiwan among the Indian people. In the food processing industry, a lot of our product is not being utilized optimally, it could be another area of collaboration.

The Taiwanese participants brought out that China has come out with a new kind of confidence after the pandemic. They believe, the current pandemic has shown that the Chinese government system is far more superior to the western democracies. This gives them under this belief both the opportunity and also some sense of inevitability about the rise of China and the issue about how they should utilize this opportunity to reshape the geopolitics condition surrounding them. The US-China-Taiwan dynamics that was established, 40 years ago needs to be changed. China does not want to damage it because it will be directly challenging

the US. China has mentioned about Taiwan and the South China Sea as the two red lines. These development points towards the assertive policy by China.

India and Taiwan share some values and common interest. There is a need to decouple India-China relations from Taiwan-India relations. The US has been able to decouple the US-China relations from the US-Taiwan relations and both relations run parallel to each other. The Taiwanese participant argued that the track two diplomacy in India-Taiwan relations is been much emphasised but it is the government of both the sides that have to take it forward. The basic nature of India-Taiwan relations has strategic value. The recent incident relating to vandalising of Wistron has created uneasiness among the Taiwanese investors.

### **Prospect for Economic Cooperation Agreement**

The Indian participants highlighted that the timing seems to be right for forging India-Taiwan Economic cooperation. The global supply chains are looking for diversification and there is a strong preference that it should be devoid of China. Hence there is more prospect for the role of India and Taiwan. Many of the Taiwanese industries have their operation in China. They have moved to the ASEAN countries. On a comparative note, these countries do not have a market as large as India. India can also be a launch pad for the Taiwanese company in the region. In 2018, India signed a Bilateral Investment Treaty with Taiwan. Taiwan is one of the few countries with which India has signed this agreement. Around 90 per cent of the Taiwanese companies are SME's, India needs to focus on these companies.

The Taiwanese participant expounded on the US-China trade war and its implications on Taiwan. The trade war has changed Taiwan's trade dynamics with its major trading partners. In 2019, Taiwan's exports to the US increased by 17.1 per cent while its exports to China was -4.9 per cent and with other countries decreased. As a result of the shift of supply chains back to Taiwan, US trade share now accounts for one-seventh of

the total trade. In 2019, Taiwan's trade surplus with the US was valued at US\$ 23 billion. The US-China conflicts have triggered significant disruption/ relocation of China-centered supply chains invested/operated by Taiwanese companies. The trade war and the COVID-19 pandemic are changing Taiwanese companies' investment plans to reconsider a more global approach as "Returning Home" and Going South especially in the Southeast Asian region and India.

The Taiwanese participants analysed the present status of India-Taiwan trade and economic relations and strongly recommended that both sides should start negotiations on signing an ECA based on a joint study that was done by ICRIER and Centre of Economic Research in Taiwan in 2011. The findings of the study were presented in 2013 but no forward movement has taken place. This is a good time to update the study and make it, the basis for negotiations on an ECA. Taiwanese participant argued that increasing business interests in India have made it as a potential to become a production hub for Information and Communication Technologies (ICT) products.

The overall FDI stock from Taiwan in India reached US\$1.5 billion. According to Department of Industrial Policy and Promotion (DIPP) India, Taiwan' ranking in India's FDI inflow has improved from 37th in 2018-19 to 29th in 2019-20. The last 5 years have witnessed significant changes in India-Taiwan trade and investment relations. India is a huge market for Taiwanese companies which are looking for diversification of investment destinations and emerging markets. Due to entry barriers and other concerns, most Taiwanese companies adopt a wait and watch policy. As Taiwanese companies seek investment destinations outside China and Vietnam, India can be the best destination.

Taiwan can be India's best partners in building consumer products and technology manufacturing industries, and a gateway to US/Europe/ China/Southeast Asian market. An India-Taiwan ECA can focus more on trade and investment, industrial cooperation, facilitation, could tackle more potentials for enhancing economic relations. There is a requirement

to promote Taiwanese investment in India by providing a friendlier and supportive environment to Taiwanese business.

### **Cybersecurity: Experiences in India and Taiwan and Prospects for Cooperation**

The Indian participants elucidated that India-Taiwan relationship in the area of technology is two decades old. Taiwan has helped India in solving big issues such as the hacking of the Central bank. Taiwan has the leadership in many aspects of technology. India and Taiwan have been sharing the computer security experience on an informal basis. India wants to partner in the manufacturing of the semiconductor. For this purpose, India can be a base of designing the fabrication whereas Taiwanese can complement in fabricating those circuits.

The Taiwanese participant underlined that there is no boundary in cybersecurity. Taiwan is very strong in cybersecurity. Many startups are coming up and they can be introduced to India as well. Taiwan has applied artificial intelligence system to cybersecurity that can be beneficial for India also. The other areas of cooperation can be Fintech and IoT.

Taiwanese participant also shared their experience of the disinformation campaign from China. Taiwan has been experiencing information manipulation since last two years. China is attempting to polarize the Taiwanese society. During the 2020 national election, Taiwan experienced information manipulation. Further to deal with it, the Taiwanese government has issued laws to deal with the disinformation campaign by China.

To sum up, it was agreed that now is the opportune time to give greater visibility to India-Taiwan relations. India should support Taiwanese participation in international organisations. More incentive for the Taiwanese companies should be created. The industrial policies of most Indian states incentivize relatively large investments. The Taiwanese companies do not need large manufacturing units. Hence they do not receive any special investments. One way to overcome this challenge

can be to package investments from Taiwanese suppliers as part of the investment made by their larger Original Equipment Manufacturer (OEM) customers from Japan or Korea so that incentives provided by Indian government also flows to Taiwanese companies. India's FDI policy doesn't have much focus on SME investors and most incentives are given for large scale of investment or large-scale employment generation. Hence, Taiwanese companies find it difficult to capture the attention of the Central and State government authorities in India. There is a need to identify alternate criteria for FDI incentives. The participants reiterated to explore collaboration and synergies in services sectors, such as engineering, ITES (IT Enabled Services), outsourcing, education, human resources, and find and promote best operation modes. More success stories are needed to encourage bilateral trade and investment, particularly in ICT, transport and logistics, automobile and auto component, agriculture and food processing for robust India-Taiwan relations.

# Biden Presidency on the Indo-Pacific in 2021

Compiled by Amruta Karambelkar

The Indo-Pacific experts Group met virtually on 28 December 2020. The meeting was chaired by Vice Adm. Anil Chopra (retd.). Dr. Arvind Gupta, Amb. Anil Wadhwa, Amb. Gautam Mukhopadhyay, Amb. Anil Trigunyat, Amb. Deepa Wadhwa, Lt. Gen. Ravi Sawhney (retd.) and Gp. Capt. Naval Jagota attended. The group discussed the possible fallouts of the Biden presidency on the Indo-Pacific in 2021. The group also discussed other potential challenges and opportunities for India in 2021.

## Background

The Indo-Pacific concept was greatly strengthened in 2020 due to the vigorous push given by the Trump Administration and India's concerns post the Chinese incursion in Ladakh. However, the outcome of the US elections is likely to have a profound impact on the region. The stance of the Biden presidency towards China is thus far from clear, this has led to uneasiness in the region, even amongst US allies. The India China standoff continues on the LAC during the ongoing peak-winter. India also has to ensure quick economic recovery in 2021. Statements from Russia on India on its policy on QUAD and the Indo-Pacific generated some discussion in the strategic community

## **The Biden Presidency and Indo-Pacific**

- President Trump had set a momentum in the Indo-Pacific through policies instituted in respect of QUAD, Taiwan, Hong-Kong, and with increasing security cooperation with India, Australia and South Korea to put a China containment strategy in place, and identified areas to work upon.
- Under the new president, it is not certain if the same momentum will continue, and thus no clarity on how the change of guard will impact China. It is expected that the fervour and intensity of the Trump years may reduce once Biden takes over.
- There is increasing possibility that most countries in the region may be more accommodating of China.
- Climate change is a top priority for Biden and China has been on top of the game on this and would like to use it to ease pressure off from the US. Biden may have a collaborative policy on China over climate change. In general China is likely to make concessions for a mellowed-down US policy.
- Biden so far has not articulated his China policy. His statements have reference of 'Asia-Pacific' rather than 'Indo-Pacific'.
- Biden's approach on human rights in China are also yet to be seen.
- Biden is keen on JCPOA with Iran, this will have repercussion for the Western Indo Pacific
- US-Russia relations are not likely to improve in the near future.
- Russia-China military alliance will continue despite any easing in US-China relations.

## **Challenges for India**

- China will remain the biggest security challenge for India in 2021.
- The direction of Biden administration will impact India and his presidency could be challenging for New Delhi. Whether Biden's approach to the Indo-Pacific will impact India's equation with US allies such as Japan and Australia will have to be seen.
- India needs to engage more with EU, France, the UK, Australia, Japan and Southeast Asia.
- To what extent India can engage with Russia on the China question, whether Russia will be supportive of India with respect to China, are some of the questions that loom.
- New equations are emerging on India's Western front which demand New Delhi's attention. A Russia-Turkey-China-Pakistan axis seems to be forming and it could be detrimental to India's interests. There is also the Saudi-led alliance. Which includes the GCC. India will have to weigh its options.
- India must continue to keep its relations going with Iran.
- The LAC conflict has brought focus back on continental defence.
- As far as India-China standoff is concerned, Spring and Summer of 2021 will be decisive. New Delhi needs to consider the possibility of a lukewarm response from US on China threat.
- India's policy of Strategic Autonomy has evolved to issue-based partnerships, which may detract from our reliability for both sides.
- Biden's climate change will be challenging for India, though India has done remarkably well to meet its Sustainable Development Goals.
- India's primary concern is the Indian Ocean should work towards enhancing MDA (Maritime Domain Awareness) and enhancing

naval capability.

- More could be done with the EU but India needs to watch EU China overtures

### **Economic Issues**

- India had valid reasons to stay out of RCEP but it should not shy away from signing FTAs with other countries. India is heavily dependent on China for supply of components and raw materials.
- India's developmental projects and assistance needs revision. A more careful, rational policy needs to be adopted that yields dividends for India.
- The need for a strong domestic military-industrial base continues to be critical.
- Whether Japan and Australia can withstand economic pressure from China needs to be seen.
- India should leverage its strengths – in vaccine development, in digital development etc. with less-developed countries of the Indo-Pacific.
- India should invest in Russia's far-east.
- India should explore clean energy technologies with its strategic partners.

# Likely US-China Relations under the Joe Biden Administration: Implications for India

Compiled by Dr. Teshu Singh

As Joe Biden becomes the 46<sup>th</sup> President of the United States in January 2021, the most pressing bilateral relations for his administration will be the US-China relations. There are already speculations about his probable position on China. It is widely predicted that the strategic rivalry will continue even under him. There is a feeling in China that Trump's policy of countering it, has bipartisan support in the US. (It being reflected in the legislation adopted on Tibet.), on the other hand there are some with the view that Biden will have fewer confrontations with China. The Chinese hope that the US will be more inclined to explore areas of convergent interest like climate change and Biden's article in the *Foreign Affairs* magazine has made it clear that he is willing to work with China on convergent issues.

Against this background the experts on China from academia, think tank and diplomacy met to discuss the subject of "Likely US-China Relations under Joe Biden: Implications for India" on 30 December 2020. The attendees included; Dr Arvind Gupta, Amb Ashok Kantha, Mr. Jaydeva Ranade, Amb Arun Singh Amb R. Rajagopalan, Amb TCA Rangachari, Lt Gen Ravi Sawhney, Prof Hemant Adlakha, Prof Srikanth Kondapalli, Prof MadhuBhalla, Prof. K.P Vijayalaxmi, Gp. Capt. Naval Jagota and Dr Sanjeev Kumar.

## **Increasing Pressure on China**

The US incrementally increased pressure on China, initially on the technological sector and its “Made in China 2025” policy and subsequently, it spread to other areas of bilateral relations leading to a feeling within China that it is under siege.

Internally stability is important in Chinese physiology and Xi Jinping successively started campaigns to keep this under control. Initially this was done in the people’s liberation army (PLA) and later on throughout the party. China also identified ideology as the main field of the battle between the US and China. Consequently, Xi Jinping has launched seven campaigns, since mid-2020 to bolster the ideological campaign of party members’ officers and government officials. The other factor highlighted was the surge in anti-Chinese sentiment due to the Wuhan Virus (Covid-19). The importance of the anti-China sentiment was highlighted by the fact the CICIR and CASS had a briefing with Xi Jinping on what could be the effect of on the China sentiment and a similar meeting pointed to the fact that China will be under the increased US-led pressure. There were also indications of a possibility of large or limited scale conflict in the region.

## **Perception of the US-China Relations in China**

Between April and May 2020, three Chinese think-tanks analysed different aspects of US-China relations and affirmed China’s need for good ties with the US the three strands of thought on the US-China relations within China are as follows:

- a. Qiao Liang, a retired Major General of the People’s Liberation Army (PLA) and co-author of the best seller ‘Unrestricted Warfare’ who is a ‘hawk’ with a huge following inside China, suggested that reunification of Taiwan with the Mainland need not have a deadline. The second was Wu Shicun, a senior CCP cadre and President of China’s state-backed National Institute

for South China Sea Studies who hinted that China would not precipitate matters in the South China Sea.

- b. Fu Ying, China's former Vice Foreign Minister who is presently Vice Chairperson of the Foreign Affairs Committee of the 13th National People's Congress (NPC) called for improving ties with the US. In an Op-Ed in the New York Times (November 24) Fu Ying made a strong pitch for "cooperative competition". Careful not to fault China, she emphasised that "China does not want to replace U.S. dominance in the world. Nor does China need to worry about the United States changing China's system". China's Foreign Minister Wang Yi and Ambassador to the US, Cui Tiankai have similarly in recent weeks reiterated the need to repair Sino-US ties, treat each other with "respect" and together address common issues like the pandemic and climate change.
- c. While many Chinese analysts favour the opportunity to mend fences, the more hard-line will resist any yielding of ground. The high-level Beidaihe conclave in August reportedly endorsed a hard-line policy against the US. Zhou Li, former Vice Minister of the CCP CC International Liaison Department and current member of the CPPCC was quite clear that there will be a sharp escalation in the US-China tensions and the US intent is very clear to head for decoupling and listed six probable scenarios and China has already begun preparations in some cases. These are i) The deterioration of Sino-US relations and the full escalation of conflict; ii) A decrease in external demand and the disruption of industrial supply chains; iii) Adjusting to the new norms under COVID-19 and the long-term coexistence of viruses and humans; iv) Detaching from the dominance of the dollar and disconnecting the Chinese Yuan from the dollar; v) The outbreak of the global food crisis, and vi) China facing unprecedented challenges, and reference to Xi Jinping's speech stating that the CCP must "adhere to bottom-line thinking and be mentally and physically prepared to deal with changes in the

external environment.”

There is the apparent consensus in China that while the US will persist in trying to prevent China's rise and weaken the CCP, nevertheless China has an opportunity to reduce US pressure. The surge in anti-China sentiment globally will make it difficult for China, but many Chinese experts hold the thinly-concealed view that Beijing's considerable influence among the US power elite will be revived. There is the confidence that big American companies like McDonald's, Gap, Hilfiger, Adidas, Nike, Coca-Cola etc., who during the previous Administration had little influence will now be able to influence the Biden Administration's China policy.

### **Challenges for US-China Relations**

The year 2021 is not normal, the challenges are unparalleled. The US stands at the crossroad while China is relatively stable. The American foreign policy is in crisis whereas China is not in a mood to give up.

Although President Elect Joe Biden has promised to restore the damages done under President Trump, it will not be easy to bring back the trust which has been lost in the last 4 years. This is evident from the statement coming from the top leaders in Paris, Berlin and Tokyo. There is consensus among the Chinese commentators that Washington under Biden may not be in a position to repair the damage or reverse Trump's policy. In 2016, after the victory of Trump, the editorial in Chinese media highlighted that if China is strong then America will also be strong, in other words, China's strength is America's strength. In 2019, the Chinese media underlined, it is China's choice and America's judgment implying that the ball is in US court- as to how the US decides to go along with China for next year/term. Further, the Chinese commentators have elucidated if under Donald Trump it was China vs America, under Biden, it may be one versus many.

### **US-China Decoupling**

In the last few years, a decoupling is happening between China and the US. The statements by Mike Pompeo indicate a kind of cold war between the

two countries. The National Security Strategy (NSS) document followed by the usage of terms like China virus and the Wuhan virus alludes to this. The American view is that China deliberately did this to affect the American health system as well as the economy.

### **Chinese Concern about the Consolidation of the Economy**

China has huge stakes in the US. Wang Yi in his speech has underlined the interdependence between both sides. China will likely send a high-level delegation to visit Joe Biden. He suggests dialogue, cooperation and managing differences. The thrust of the Chinese statement coming out from China is how to consolidate its position as the second-largest economy and to become the largest by 2028 and at the same time securing its position in the South China Sea, Taiwan, etc. This will create problems in terms of the China-US relations in the coming years so the bottom line of the Chinese would be to pursue policies that consolidate their economy. They will adopt a minimalist and maximalist approach. It is quite plausible there could be areas of cooperation which would be climate change, Trans Pacific Partnership, Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and World Health Organisation.

### **Chinese Media and the US Elections**

Xi Jinping sent the congratulatory letter to Biden. The letter was delayed as compared to the other world leaders. On a comparative note, to the letter sent to Donald Trump and Joe Biden, the essence of both the letter was the same, the underlining theme was non-confrontation, cooperation and win-win relationship. In 2016, People's Daily published articles attacking Donald Trump and again this year the trend was repeated.

### **US-China Relations and the Supply Chain Management**

Amid the US-China tension, the most important aspect is to maintain supply chain management. The Pentagon has come out with a paper that highlights about China controlling or even using force for control of the

supply mechanisms. Xi Jinping in April has called for efforts to smooth the global supply chain to ensure normal economic and trade activities. He mentioned that China should maintain deterrence capabilities to maintain supply chain which suggests that the Chinese will use force on the supply chain mechanism. The supply chain management is also a part of the Indo-Pacific discussion. It is going to be a friction point between US-China with possible spillover with India. The External Affairs Minister of India, Dr. Jaishanker has already alluded to maintaining a sustainable supply chain mechanism amid the COVID-19 disaster. It could even be a friction point between India and China.

### **Implications for India**

If Biden gives priority to the US relations with Europe, it will imply a shift of focus from the Indo-Pacific strategy. China is wary of QUAD, if it sees the grouping becoming reality then some commentators have indicated that China may rethink about India's membership in the SCO. China may try to pressure Biden to be soft on Pakistan; it may not be a positive development for India. Any area of cooperation between the US and China will also have implications for India. The editorials coming from China, underline that China's economic growth did not depend on India at all but for India's economic growth China is going to be indispensable.

Under Biden, if the US and India come closer to each other. It may not be good for China rise. Besides, a rising India is not good for China either and there are bound to be more friction points between the two countries.

### **Other Key Issues**

There is a probability that China may send a big delegation to the US to meet Biden. On the issue of North Korea; China may trigger the non-ballistic missiles and nuclear testing. There will be pressure on Biden from the Chinese on the Iranian issue because China is involved in the nuclear program of Iran because they have 6 or 7 nuclear power plants proposals from Iran for its reconstruction efforts.

## **Crystal Gazing**

In the US-China relations, the Chinese will play it in two parts; the first one is in short term and the other is for the long term. If Biden does what he has stated; preferring talks rather than confrontation, then the Chinese will see a window where they can try and get the American to look at things from their point of view. The second being that the Chinese will wait for one or two years to assess the Biden administration. At the moment they have not reached conclusions of what the administration will do.

Biden will be more systematic and coordinated in his response to China's rise as compared to the zigzag approach by Trump. Notably, for the US the bottom line is market access. Overall, Joe Biden will have a well-concerted strategy to choke China both in the economy and create a relationship on the other hand.

To sum up, the US-China relation will be quite bumpy, at least in the initial phase. India needs to explore the window of opportunity.

# India's Engagement with the Neighbourhood- through the Covid-19 Pandemic

Author Dr. Sreeradha Datta

### Introduction

India's engagement with other South Asian states is inevitable and essential. Because of geography and history, India remains an important constituent of the region. While the country believed an increased economic interaction with its neighbors would remove the neighbor's inherent fear of Indian hegemony and an economic interdependence would lead to greater political comfort and thus minimize the concerns of smaller states vis-à-vis perceived hegemonic ambition of a larger India. But as it became apparent, political apprehension often affected India's attempts at establishing economic linkages. The shared historical legacy has proved to be a bane rather than blessing. Examples of successful economic cooperation facilitating political accommodation in other region of the world have not been replicated in South Asia. India's inability in dispelling apprehension of the neighbors is rooted in regional politics. As would be argued here, minimizing political differences and seeking avenues for cooperation are vital for both India and her neighbors. This would enable the opening of more windows of opportunities and creating economic integration in the region; otherwise, progress will be stymied with resolving the problems remaining unsolved.

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India's ties with its neighbors have been pursued through economic engagement, forging development partnerships, and maintaining political connections. Much of this is reinforced by shared cultural and social moorings within the region. For India, the primacy of neighbourhood assumed greater significance since 2014. The *Act East Policy* and *Neighbourhood First* dominated the Indian foreign policy framework for dealing with neighbors. While the policy outcome has generally been uneven, with some gains and some misses, of, India's work in the region continues to be a 'work in progress'. Despite many milestones, there remains some disquiet about the state of relations between India and its neighbors. While India maintains friendly bilateral ties with most of its neighbors, barring Pakistan, its role as a regional power is often questioned by her neighbors. The pandemic situation has posed further challenges. Moreover, the Indo-China border conflict for the past several months has further aggravated the situation.

### **India's Regional Attempts**

India for long maintained its relationship in the neighbourhood through the bilateral means, and of recently, to some extent, through a regional body. The South Asian Association for Regional Cooperation (SAARC) was the chosen forum for dealing with all sorts of common interests, but the regional approach somehow never gained significant momentum. Arguably, regionalism in South Asia has not been a successful endeavor. Yet, the South Asian regional economic potential had for a long time been a subject of much discussion, and the SAARC was conceptualized as the engine that would take this forward. However, geopolitical interests have overshadowed other considerations. India has often lean accused of being the spoke in the SAARC wheel particularly given its bilateral political difficulties with Pakistan. Thus, neither India as the largest member nor the rest, could lend the regional organization with the drive required for collective progress.

Similarly, the regional free trade arrangement could not be fully realized and therefore it didn't deliver the promised transformation. The

neighbourhood could not move away from an inherent competitive behavior to collaborative endeavors that presupposes the existence of a level playing field. Undoubtedly, the South Asian neighbourhood is yet to enjoy the collaborative dividends of working together. Unfortunately, even the ongoing Covid-19 pandemic could not provide the required fillip for the region to come together. This is despite Indian Prime Minister Modi's invitation to the SAARC members to come together in addressing the urgent public health needs. India initiated the voluntary COVID-19 Emergency Fund and committed US\$ 10 million, followed by Sri Lanka (US\$5 million), Pakistan (US\$3 million) and Bangladesh (US\$1.5 million). This Fund was to provide the SAARC countries with urgent medical supplies and equipment, but its progress has been rather lackadaisical.

The distinct geographical and economic asymmetry between India and its South Asian neighbors has caused misgivings and even suspicion and mistrust among the smaller countries. Nevertheless, interdependence in the region has slowly grown in the recent decades. Although, as mentioned before, the regional approach to engagement in South Asia seems limited, India has engaged with some of its neighbors through bilateral mechanisms to take the regional partnerships forward. By initiating cross-border rail, road, river and air connectivity, India has been able to initiate connectivity in the region.

Initially, this idea was introduced through the Indo-Bangladeshi Joint Communiqué signed in 2010 that opened the vista for bilateral cooperation leading to regional collaboration. India and Bangladesh decided to open borders for facilitating bilateral trades, besides setting an agenda of engagement spanning a variety of sectors, including transit, investment, and energy. It began with Bangladesh opening its borders to enable India to have easier accessibility to its northeast states by using Bangladeshi land and water routes. India, on the other hand, agreed to Bangladesh's long-standing demand of transit to Nepal and Bhutan. Thus Indo-Bangladeshi Joint Communiqué indicated a dramatic shift from the erstwhile policies of either of the governments, moving beyond bilateral

to converge through regional connectivity. A significant portion of the line of credit that India provided to Bangladesh was for building transport connectivity and developing infrastructure.

Notwithstanding discussion about Bangladesh's transit to Nepal and Bhutan through India is yet to be completed. Indeed, the sub-regional attempt to enable seamless cargo and passenger movement amongst the group of four states is yet to take off. The multi-vehicle agreement among India, Bangladesh, Nepal and Bhutan (BBIN) which was signed in Bhutan in 2015 has not gone beyond trial runs. An energy grid in the region is underway too. Notably, the infrastructure facilities of the region are neither adequate nor modern, and attempts at regional integration, transit and transshipment facilities often ignore some of the obvious difficulties which India and each of these neighbors face. A beginning, however, was made.

## **The Pandemic Phase**

The onset of Covid19 pandemic saw India reaching out to its neighbors through medical diplomacy. India's medical and health assistance through of rapid response teams and paramedical services has been extended to several nations, including Bangladesh, the Maldives, Nepal, and food aid to Afghanistan. India was also able to ensure the safety of those stranded in India and repatriate Indians stuck in the neighbourhood. The national carriers have been partnering to evacuate about 16,000 foreign nationals from 17 different countries including some in the neighbourhood, as well. Expertise in digital technology enabled India to provide more generous support during this phase. Given that, "India produces 60 per cent of the world's vaccines and accounts for 60-80 per cent of the United Nations' annual vaccine procurement", the country committed to supply its neighbors with the vaccine, once available (Chandna, 2020).<sup>3</sup> Following the recent groundbreaking development in the United Kingdom with the London authorizing Pfizer to produce a Covid-19 vaccine, the first vials of which rolled out recently, India is reviewing its efforts to produce and distribute an antigen to fight coronavirus pandemic and has promised to

supply it to its neighbors at the earliest.

Interestingly, while trade and commerce were deeply affected both at global and regional levels, India continued to work on developing connectivity within the neighbourhood even during this pandemic outbreak. Indeed, ensuring continued trade and cargo movement with neighbors was also a challenge during this time. While land border trade between India and Bangladesh was halted due to the fear of the spread of the virus, the coastal shipping arrangement worked normally. The first trial container ship from Kolkata to Agartala through the Chattogram Port of Bangladesh was flagged off during this period. The new route will reduce time and logistics cost for Indian cargo movement and connect North-East India to Bangladeshi ports. India and Bangladesh had reached an understanding in 2019 on Standard Operating Procedures for the use of Chattogram and Mongla ports for the movement of goods to and from India. The Indo-Bangladesh Coastal Shipment Agreement, signed in 2018, led to the cargo movement on the first trial container ship, which started from Kolkata on 16 July 2020 and reached the Chittagong Port (Bangladesh) before travelling via road on Bangladeshi trucks to Agartala. Both the Northeastern states of Tripura and Assam would be served through this route. Apart from this, the first cross-border train carrying 50 containers with consumer goods and fabrics ran. Bangladesh also received ten railway broad gauge diesel locomotives from India in this period.

India is also working on the expansion of Hanimaadhoo airport in the Maldives under an Indian Line of Credit (LOC). The LOC was announced during Maldivian President Ibrahim Mohamed Solih's official visit to India in December 2018. That was the first foreign visit of the Maldivian leader after his taking office. The project will include an extension of the runway from 1,200 to 2,200 MTS and construction of a new terminal building. The project will be initiated in 2021 (Roychoudhury, 2020).<sup>4</sup> India and Maldives will also soon initiate the passenger-cum-cargo ferry service between Kochi of the Indian state and Kerala and Maldivian capital Male via Kulhudhuffushi atoll. With Bhutan, a new trade route was opened between West Bengal's Jaigaon to Ahlay, Pasakha. The new

land route for the movement of industrial raw materials and goods for Pasakha Industrial Estate in Bhutan is expected not only to boost bilateral trade and commerce but also lead to decongestion of vehicular traffic along the Jaigaon-Phuentsholing route (Mohan, 2020).<sup>5</sup>

While much of the connectivity and infrastructure development undertaken by India is confined to eastern South Asia, there have been similar projects with Afghanistan and Sri Lanka. After 36 years, direct flights between Chennai and Jaffna started in November 2019. It is expected that the direct flight will increase connectivity options for the Tamil population of the northern region of Sri Lanka while it will also be beneficial for the economic and social development of the region. Essentially, India is continuing to undertake connectivity projects with its neighbors, and a cobweb of transport network will soon emerge in the South Asian region. Trade and commerce would necessarily benefit from this emergent infrastructures too. Thus, an integrated transport system, common rivers management and also a common strategy to address regional environmental concerns are likely to develop gradually and complement the process. Nevertheless, outstanding concerns of the smaller south Asian countries involves remain.

### **China, the Anxiety Factor**

Despite the growing interdependence, albeit slowly, in the region, India and its South Asian neighbors view each other with misgivings, suspicions and mistrust. For reasons much known, India's bilateral contact with Pakistan has been minimal. However, its engagements with Bangladesh, Afghanistan, the Maldives, Bhutan and Sri Lanka have been ongoing on a positive trajectory. The recent times have seen Nepal and India mending fences with a few and high-level visits. Be that as it may, the recent haze that looms over India and its neighbors is in the context of the recent round of bilateral tensions in the Sino-Indian northern border. China's overwhelming presence in the region has been strengthened over time. It maintains multifaceted ties with the South Asian economies through political, economic and defence supports. It is much the same like India

does too and more in the region. But the contrasting perceptions are stark. There was much hoopla about China granting 1,561 goods tariff-free status to Bangladesh in recent times, a privilege granted to all less developed countries and the issue of building a deep seaport. Yet, similar measures by India in 2012 went almost unnoticed. Similarly, a defense agreement with India is widely critiqued, while China's defense deals are accepted as the norm.

China's growing outreach to India's neighbors is not without implications for India's political, strategic and, more importantly, economic ties in the neighbourhood. New Delhi's anxiety over China's apparent lack of respect and accommodation for India's traditional role in the region is not unfounded. China's economic diplomacy is well stamped in the Indian neighbourhood and barring Bhutan, all have signed up for the Belt and Road Initiative that China has launched across the globe.

China's abiding interest to increase its foothold in South Asia is well recognized, but that much of these overtures have an Indian context cannot be overstressed. Indian fears stem not only from China's intrusive projects in the Indian neighbourhood but how also that tactic may prove detrimental to Indian interests. The region's need for balancing China and India is understood, but what about the immediate and long-term costs involved?

For India to work more effectively and efficiently with the neighbours, it would need assurances about reliability. Unfortunately, the regime compatibility that Indian government enjoys with some of the other governments in the neighbourhood may not be sustainable nor a viable option. National interests cannot be devoid of the people who form the core constituency. India and her neighbors need to nurture larger people-to-people relationship that would foster deeper bilateral and regional relationship beyond mere strategic calculations. Therefore, until and unless fundamental political differences are resolved, comprehensive cooperation would remain uncertain in South Asia. Despite all the incentives, advantages and attractions, economic cooperation does not

appear to be the fulcrum that could optimize the opportunities that India and the region offer. Progress on the political front is imperative for the region to progress, and all the players need to work this through. India will not hold back if the neighbors demonstrate their willingness to walk the talk together.

## Notes

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The Vivekananda International Foundation is an independent non-partisan institution that conducts research and analysis on domestic and international issues, and offers a platform for dialogue and conflict resolution. Some of India's leading practitioners from the fields of security, military, diplomacy, government, academia and media have come together to generate ideas and stimulate action on national security issues.

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