

Issue no.20  
February 2022

# VIF Expert Groups Reports



Edited by Naval Jagota



Vivekananda  
International  
Foundation

© **Vivekananda International Foundation**

Published in 2022 by

**Vivekananda International Foundation**

3, San Martin Marg | Chanakyapuri | New Delhi - 110021

Tel: 011-24121764 | Fax: 011-66173415

E-mail: [info@vifindia.org](mailto:info@vifindia.org)

Website: [www.vifindia.org](http://www.vifindia.org)

**Follow us on**

Twitter | [@vifindia](https://twitter.com/vifindia)

Facebook | [/vifindia](https://www.facebook.com/vifindia)

All Rights Reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form, or by any means electronic, mechanical, photocopying, recording or otherwise without the prior permission of the publisher.

# Editor's Note

The month of February 2022 at Vivekananda International Foundation (VIF) was filled with meetings and dialogues. In the month VIF organized four expert group interactions, and three dialogues with Russia (Russian International Affairs Council), Japan (Japan Institute for National Fundamentals) and 'Quad Plus' through webinars in the month. All these interactions and dialogues covered a wide spectrum of topics as well as geography across the world. The selection of topics are contemporary and of interest to academia, policy makers, decision makers and the general public. This edition contains views on issues affecting USA, Europe (Ukraine), Pakistan, the Indo-Pacific and West Asia.

The on-going developments on the Ukrainian border have set the region, and the entire world on edge. With simmering tensions and increasing brinksmanship on display, prospects of an erupting crisis seem to be at an all-time high. Set in this context, the Europe Experts Group met virtually on 2nd February 2022, to discuss the 'Global Implications of the Ukraine Crisis'.

The Indo-Pacific expert group in its virtual discussions focussed on the interplay of China-Russia relations in Central Asia and Afghanistan and its ramifications on the Indo-Pacific. The group also reflected on the geo-

economic fall-out of India's economic environment and developments.

The Russian International Affairs Council (RIAC) organized a briefing cum dialogue for experts at the Vivekananda International Foundation on recent developments in Russia-West Relations and the escalating situation in and around Ukraine. The initial remarks were delivered by Mr. Andrey Kortunov, Director General, RIAC and several prolific Russian experts presented the Russian vision of the current situation in Ukraine and the foreseeable scenarios and forecasts for the region at large.

In the West Asia experts group meeting discussions was focussed on "Current Political Landscape in Libya". The members also focused on the key external players in the region as well as India's prospects in Libya.

The next event was a joint webinar with the Japan Institute of National Fundamentals (JINF) on Strategic Outlook for Indo-Pacific in 2022. After initial remarks by Dr Arvind Gupta, Director VIF and Ms Yoshiko Sakurai, President JINF, presentations were made by VIF and JINF. The webinar discussed a range of issues from shaping new regional security architecture to engaging ASEAN and analysing ramifications of China's military rise and Ukraine standoff on the region.

The latest iteration of the Quarterly held Quad Plus Dialogue was hosted virtually by the VIF in February 2022. Participating think-tanks representing the other Quad partners included the Heritage Foundation, USA; the Japan Institute of International Affairs (JIIA), Japan; and the Australian Strategic Policy Institute (ASPI) Australia. In this edition of the dialogue, the Taiwan based think-tank, the Institute for National Defense and Security Research (INDSR) joined in as a 'Plus Partner'. Three important developments, namely, the fourth Quad ministerial in Melbourne, the Australia-Japan Reciprocal Access Agreement and most importantly, the emerging situation on the Ukraine border were predominantly discussed amongst the Quad Plus partners in the session.

The meeting of the Pakistan study group (PSG) was held via video

conferencing and the agenda's main items were: Pakistan- Signs of Imran Khan's desperation, Opposition- No Confidence Motion/Long March, Imran Khan's Russia visit, Afghanistan- Humanitarian Situation, Six months of Taliban rule-consolidation or signs of opposition?

The coordinators and researchers associated with the expert and dialogue groups, think tanks and interactions have put unfaltering efforts to coordinate the meetings, to provide range and diversity of views as well as capture the discussion for the reports.

**Naval Jagota**

**New Delhi**  
**March 2022**

# Contents

Global Implications of the Ukraine Crisis .....7

- Prepared by *Avantika Menon*

China-Russia relations in Central Asia and Afghanistan and  
ramifications for India.....15

- *Amruta Karambelkar*

Russian View on the Developments in Ukraine .....24

- Prepared by *Avantika Menon*

Current Political Landscape in Libya..... 31

- Prepared by *Hirak Jyoti Das*

Strategic Outlook for Indo-Pacific in 2022.....35

- Prepared by *Prerna Gandhi*

The Melbourne Ministerial and Developments in Ukraine.....40

- Prepared by *Avantika Menon*

Pakistan: Internal and External Developments..... 47

- Prepared by *Aakriti Vinayak*

## Global Implications of the Ukraine Crisis

Prepared by Avantika Menon

*The on-going developments on the Ukrainian border have set the region, and the entire world on edge. With simmering tensions and increasing brinksmanship on display, prospects of an erupting crisis seem to be at an all-time high. Set in this context, the Europe Experts Group met virtually on 2 February 2022, to discuss the 'Global Implications of the Ukraine Crisis'. The discussion was moderated by Amb. Anil Wadhwa, who also delivered the opening remarks. The meeting saw in attendance several distinguished guests like Amb. P.S Raghavan, Prof. Gulshan Sachdeva, Dr. Arvind Gupta, Lt. Gen. R.K. Sawhney, Prof. K.P Vijaylakshmi, Dr. Rudra Chaudhuri, Lt. Gen. Rakesh Sharma, Prof. C. Rajamohan, Amb. TCA Rangachari and Gp. Capt. Naval Jagota.*

The key takeaways that emerged from the ensuing discussion are presented below:

The brewing conflict in Ukraine risks further deterioration of already sour U.S.-Russia relations and greater escalation if Russia begins to expand its presence in Ukraine or into NATO countries. It is explicitly understood that any sort of Russian incursion into a NATO country would solicit a response from the United States as a NATO ally, subsequently, the conflict has heightened tensions in Russia's relations with both the United States and Europe, complicating the prospects for cooperation on other issue areas as well.

## **Strategic Implications of the Conflict**

**Events of 2014:** In 2014, Russia organized a so-called referendum in Crimea asking for secession on the basis of the presence of the sizeable ethno linguistic Russian speaking majorities in these regions. Luhansk and Donetsk are almost 90 per cent Russian while Crimea is more than 95 per cent Russian. This enabled the Russians to mobilize Luhansk & Donetsk into the separatist agitation that soon followed. The territories of Donetsk & Luhansk occupied by separatists were pushing further towards Mariupol, on reaching which would have enabled them to build a land bridge to Crimea, further strengthening Russia's strategic position. As a consequence of these events, the West, namely France and Germany brokered the Minsk Agreement. This agreement essentially agreed upon a ceasefire, the exchange of prisoners and the moving back of heavy weaponry from that contact line. It also stated that eventually, Ukraine will change its constitution giving an autonomous structure to both Luhansk and Donetsk. Subsequently, the Ukrainians felt that this agreement would reduce the concerned areas to a protectorate of Moscow and dilute its sovereignty. Ultimately, this agreement was not finalized and implemented due to Ukraine's reticence.

**Russia's interests in Ukraine:** Geographically speaking, Ukraine is part of the great European plain through which historically invaders have entered into Russia. Consequently, there has always been a certain level of paranoia in Russia about Ukraine being the conduit for foreign invasions. It is also quite strategically positioned near the Black Sea. The Russian Black Sea fleet in Crimea is basically Russia's only access to the warm waters of the ocean which it requires for power projection elsewhere in the world. Ukraine also has a substantial ethno-linguistic Russian population. Previously the industrial heartland of the Soviet Union, Russia will like to continue having Ukraine as part of the economic construct in a Post-Soviet space. Thus, Ukraine going to NATO is something Russia just cannot come to terms with.

Russia also doesn't want Georgia to be a part of NATO as it would essentially turn the Black Sea into a NATO lake. Georgia is also quite strategically well

placed as it borders all the Caucus region states. Putin thus demands that NATO should not expand any further and it should remove troops from the region deployed post-1997. By occupying Crimea, Luhansk and Donetsk, Russia has basically managed to set back their NATO membership ambitions; NATO doesn't admit a country whose territory is occupied by a foreign country as that would immediately invoke Art 5 of the NATO agreement.

**Geopolitical balancing in the region:** President Biden is actively trying to geopolitically rebalance, going against the grain of what America has been doing for the past many years, and against the ingrained perceptions of several interest groups in the US. Although sentiment against China is rapidly growing, that has not yet dampened the continued hostile sentiment against Russia. The security establishment in the US is against a rapprochement with Russia.

Europe also has conflicting views. While, parts of Europe namely the Baltics and Poland, Sweden and others are not really in favour of stepping foot off the gas with Russia; France, Germany and others are being more pragmatic from an economic perspective and would like to see some kind of a modus vivendi emerge. Essentially, the West wants Russia to loosen its embrace with China, which is something it won't mind doing as many writings in Russia are increasingly talking about the inequality and long term unsustainability of the relationship. There is an ongoing state of flux within Europe. This is also the reason for its apparent ambivalence within the Indo-Pacific.

China is the one to gain the most from a US-Russia standoff. It will work to ensure that the US and Russia do not have a modus vivendi.

Basically, Russia wants some guarantees—that NATO will not constantly be threatening it, or creating problems on the Black Sea, Baltic Sea, and the entire periphery of the Caucasus or actively trying to constrain Russian influence in West Asia. Therefore, Russia is looking for a political compact that can successfully address these concerns.

So far, President Putin has been signalling that he is not entirely convinced that Biden will be able to reach a situation that will allow for requisite geopolitical

balancing to take place.

It is important to note that the Americans have signalled a number of concessions; they will support France and Germany to take forward the Normandy process, to implement the Minsk agreement in full which is a major concession. Giving a guarantee that Ukraine and Georgia will not join NATO can also be done. However, withdrawing troops from new NATO countries may not happen but there are several other ways that a face-saving agreement can be reached. This can be done via mutual security guarantees, placement of troops and advance warning of military exercises.

**Russia and the European Security Architecture:** Russia is also trying to alter the post-Cold War security architecture in Europe, which so far has been dominated by the US and NATO. Russia was mainly side-lined from this architecture. Thus, it is not just seeking a ban on Ukraine entering NATO but also the rolling back of the troop deployments in Eastern Europe. Russia is playing a high stakes gamble to restructure and reject the European order. The US has signalled that it is prepared to negotiate such an outcome wherein Russia is reintegrated into the European great power system of which it was part of till 1917.

The European security architecture developed after the Cold War has not only marginalized Russia but is now leading towards growing instability and disequilibrium. If President Putin is given some kind of assurance in a 10-year time frame, equilibrium can be created.

**Ukrainian Perceptions:** In recent times, Ukraine has invested heavily in weapons systems to counter Russian forces. If the Russians actually get involved in Ukraine, with mass forces on both sides then they will be sucked into a long war. Even if they successfully capture 2/3 of Ukrainian territory they will have to place 300,000 troops just to bring peace to that area, a near-impossible task.

Within Ukraine, the government has been largely downplaying the crisis. There is a lack of war hysteria within the country. Recent Russian actions have pushed it towards adopting an identity that is clearly associated with the elites among NATO and EU, complicating matters, for Russia's demands of spheres of

influence in the East.

A high degree of tension can be noted between Ukraine and the US, owing to the lack of American action so far. Supplies sent so far have not been consequential and there is a strong feeling within Ukraine that the Americans have essentially let them down. There is also a fear that any kind of accommodation between the US and Russia will involve the implementation of the Minsk agreement.

It is in nobody's interest to go to war, neither Russia's nor the US', both states will be greatly weakened if they do go to war. It is thus imperative that a solution must be found. It increasingly seems plausible that more serious and substantive discussions of deployments and postures will be welcomed by both Americans and Russians. The previously abundant arms control measures may eventually make a comeback.

### **Economic Implications of the Conflict**

It has already been indicated that any military conflict will lead to the imposition of sanctions against Russia. However, any major sanctions imposed against Russia now would not only hurt Russia but will also negatively impact the rest of the world. Russia is an integral part of several global supply chains from wheat to critical metals like nickel, palladium and aluminium. Thus, cutting Russia off will have cataclysmic effects on the global economy. Even in the case of the existing sanctions, the Europeans seem to have circumvented them quite smoothly with European-Russia trade now registering double-digit growth rates.

Presently, the EU has imposed an asset freeze and a travel ban on 185 people and 48 entities. Other measures, such as a ban on the arms trade and an export ban on dual-use goods within the petroleum sector have also been taken. Russian banks have been restricted from accessing certain sensitive technologies and have only limited access to the EU's primary and secondary capital market. The option of disconnecting Russia from the global banking system by cutting them off from SWIFT has also been discussed. Banks with Russian exposure have also been warned of sanctions.

The US has imposed sanctions on 735 people in addition to placing certain sanctions on Russia's financial, defence and energy sectors. In response, Russia has put forward its own list of people including representatives of the EU member states and EU institutions who are prohibited from entering Russia.

Despite the ongoing crisis and the mutual sanctions, both Russia and the EU continue to be significantly economically engaged with one another. With an investment of 350B FDI stock in Russia, the EU emerged as the biggest investor in Russia in 2019. Reciprocally, Russian companies have also invested 150B in the EU. 2020 trade figures indicate that the EU was Russia's biggest trade partner. Out of the total 105B imports from Russia, about 70 per cent were composed of fuel and mining products.

**Impact on the Oil and Gas Markets:** In the short term, it is widely acknowledged that a Russia-Ukraine war, even a limited one, would spark a further massive rise in oil and gas prices, especially in Europe. This could happen either due to Moscow's use of gas exports as a tool for leverage or as a direct result of the economic sanctions imposed on Russia.

A continued deterioration of the situation can also negatively impact the Nord Stream 2 pipeline from Russia to Germany. The Nord Stream 2 pipeline project has been controversial from the outset. The pipeline is 120 Km long and costs more than 10B USD. Although technically the pipeline belongs to Gazprom, 50 per cent of the initial investment was made by multiple European companies. Trump's announcement threatening sanctions for companies dealing with this project halted the European investors from any further involvement. Gazprom continued the project and has finished developing the pipeline.

In retaliation for any serious economic sanctions, Russia has the ability to give a brief energy shock to Europe. Current estimates indicate that a complete cut-off of piped gas to Europe will cost Gazprom approximately 200-225 million a day. With this loss of revenue, a three month disruption will cost Russia about 20B. However, it is important to note that currently, Moscow is sitting over 600B of foreign exchange reserves, thus this limited period cut off cannot be completely

ruled out.

Consequently, the EU and the US have been working together to source alternative suppliers of gas and reports indicate that a serious large gas deal is being negotiated between the EU and Oman. These developments can also disrupt Asian gas markets as some Asian gas may have to be diverted towards Europe. Russia may also send some of this gas to China. In the medium run, Russia may also look towards India but concomitant linkages in infrastructure will have to be built.

The overall impact on the European economy may not as sizeable, as Russian trade and investment are comparatively nominal. Europe has also been working towards diversifying its energy imports away from Russia in the past 10 years and has been moving towards green alternatives.

### **Implications for India**

In the face of the unfolding situation, so far India has taken a very balanced and mature stand in the UN. It has stressed that the legitimate interests of all parties should be presented for long term peace and stability in the region. It is not sitting at the fence; rather it has expressed an understanding of the Russian position. Compared to India's stance in 2014, when it said Russia has a legitimate interest in Crimea, now it is taking a far more balanced position. It has been encouraging both sides to talk. It has displayed a much more carefully crafted position than the one in 2014.

The security situation in Europe may, however, negatively impact India's energy imports. It also implicitly complicates its strategic choices and creates difficulties in arms imports from Russia.

A scenario of a modus vivendi between the US and Russia would be ideal for India, as then it can develop relations with Russia without US pressure and will be able to maximize its global ambitions.

In a situation, wherein greater sanctions are imposed, essentially ensuring that the US will remain bogged down with Russia in Europe leading to a dilution

of its focus towards its Indo-Pacific initiatives would be particularly bad for India. It is in India's interest that this emerging situation moves towards a logical, positive conclusion with both parties stepping back from the brink and reaching an accommodation. India can only hope for a peaceful resolution of the situation through sustained diplomatic efforts.

Thus, India currently needs to assess the situation accurately and prepare for the consequences.

## **China-Russia relations in Central Asia and Afghanistan and ramifications for India**

Prepared by Amruta Karambelkar

*The VIF Experts Group on the Indo-Pacific met virtually on 02 Feb 2022. The meeting was moderated by Vice Adm Anil Chopra (Retd), and was attended by Dr Arvind Gupta, Lt Gen Ravi Sawhney (Retd), Amb Anil Trigunyat, Amb Gautam Mukhopadhyaya, Dr Harinder Sekhon, Mr Anil Devli, Mr Rajiv Kher, Mr Akshay Mathur, Gp Capt Naval Jagota, and Cdr Shashank Sharma. The discussions focussed on the interplay of China-Russia relations in Central Asia and Afghanistan and its ramifications on the Indo-Pacific. The group also reflected on the geo-economic fall-out of India's economic environment and developments.*

### **Overview on Indo-Pacific**

The security architecture in the Indo-Pacific is witnessing a change with the emergence of AUKUS and the new defence security pact between Japan and Australia. USA, Australia, Japan and UK are emerging as key security players in the western Pacific with France and EU on the anvil, while India is limiting its focus to the Indian Ocean. In the western Pacific, regional powers Japan and Australia along with the USA seem to be developing a separate military arrangement to contain China. Meanwhile QUAD has developed largely into a non-military mechanism.

## **China-Russia interplay in Central Asia and Afghanistan**

China and Russia clearly need to mutually support each other in order to scale up their influence into the Indo-Pacific against the bulwark of the United States and its allies both in Eurasia and in Central Asia. Although Central Asia and Afghanistan are land locked countries and do not have maritime boundaries in the Indo-Pacific, developments there and the interplay of China and Russia power dynamics in this region has ramifications on the Indo-Pacific that needs to be monitored. Russia and China have significant strategic and economic engagements respectively with Central Asian States. The overarching strategy of China appears to be a pursuit to overcome its 'Malacca dilemma' by consolidating Central Asia as a pathway to the Indo Pacific to overcome pressure of QUAD and AUKUS and reach out to the Gulf.

### **Central Asia**

***Russia-China convergence in Central Asia.*** Russia considers Central Asia as its sphere of influence and will not accept interference by any external power in the region. However, interests of Russia and China converge in Central Asia with an eye to keep the US influence out of the region. China requires Russian support to assert itself and project power into the Indo-Pacific. Russia also seeks support of China as was evident in the recent UN Security Council meeting where both countries opposed the motion for discussions on Ukraine crisis. Even as China's economic heft as part of BRI projects is steadily increasing in the region, conflict of interest between Russia and China is not foreseen in Central Asia at this stage. Presently China can be seen as exercising geo-economic domination in Central Asia while Russia provides security guarantee and exercises geostrategic domination.

***Russia-China divergence.*** Central Asia could at a later stage become an area of divergence between Russia and China as China increases its engagement in the security arena. In recent years China has gradually

increased its defence cooperation in terms of supply of arms and military equipment to Kazakhstan. China's increasing economic domination of the region at some stage may lead to weakening of Russia China relations. Other possible scenarios leading to Russia-China contradictions could be :-

- **Ukraine.** In the ongoing Ukraine crisis USA and its western allies are poised against Russia. Thawing of this stand-off between Russia and the NATO and any compromise between the two parties could lead to a new Intermediate Range Nuclear Forces (INF) treaty. A new security architecture in Eurasia could ease of the pressure on Russia from the west and make redundant the need for siding with China against America as Russia-China relationship is seen as an opportunistic one.
- **China and Russia Leadership.** Undermining of President Putin's leadership in Russia due to internal political developments or protests - organic or externally influenced by the West - or weakening of Xi Jinping's position within the CCP post the plenary could also weaken the Russia-China relations.

### **India and Central Asia**

Increasing Chinese influence in Central Asia works against India's strategic interests in the region. Indian interest in the region could be severely undermined by the China-Pakistan nexus particularly through the BRI projects. During the recent India summit with the five Heads of States of Central Asian republics, the speeches of leaders did not hint at significant strategic partnerships or projects of consequence. The discussions largely centred around issues like human resource development, medical, information technology, etc. In order to enhance India's engagement with Central Asian States, connectivity is the single most important issue that needs to be pursued. In this regard, China has a significant edge over India owing to its long borders with Central Asian states. China is also vary of

India's outreach to Central Asian states and attempted to show its muscle when Beijing called a sudden meeting of five leaders of Central Asian countries just before India's summit meeting with these five Central Asian countries in January this year.

Central Asian Republics could be looking out for a third alternative apart from Russia and China which can be provided by India. This however requires substantial initiatives by the Indian government in terms of economic investment and dedicated projects in the region. India must also increase its engagement with Russia if it has to counter increasing Chinese influence in Central Asia.

In order to alleviate geographic disadvantage and lack of physical connectivity with Central Asia, India should explore cyber-connectivity by leveraging its prowess in digital technology and look at exporting applications for digital governance, commerce, health, banking, financial applications, Unique ID etc and engage in digital diplomacy to gain greater engagement with Central Asia.

India also needs to exploit its historical connect with Central Asia i.e. calling on not just India's Buddhist heritage and its contribution to Central Asia but also acknowledging Central Asia's cultural pride in the exploits of Babur. This will enable a better cultural connect with the region.

Any weakening of relations or contradictions between Russia and China in Central Asia would facilitate greater engagement of India with the region. Instability in Central Asia as a fallout of events in Afghanistan or in the event of anti-China or even anti-Russia uprising in these countries will lead to contradictions in the Russia and China relations. Apart from Central Asia, discord and conflict of interest between Russia and China could also emerge in Eurasia, Arctic or Russia's Far East. It could be said that India's interests in Asia and the Indo-Pacific are best served if Russia-China relationship is undermined and/ or if there is a thawing of relations between Russia and the West.

## **China-Russia interplay in Afghanistan**

Contradictions in Russia-China relations are not expected in the Af-Pak region in the short term as both are concerned about the threat posed by Islamic destabilization in the region to their respective countries and also to the Central Asian neighbourhood. Both the countries are expected to converge under the SCO framework on issues related to radicalization, extremism, terrorism, and Central Asian radical groups etc.

Russia does not have any economic interests or capability in Afghanistan. Nor is Russia looking for strategic gains in Afghanistan unlike the Soviet regime in the past. Russia sees Afghanistan purely from a security perspective. Another Russian perspective in Afghanistan was the geopolitical competition with the USA which has withered with withdrawal of the US from Afghanistan.

China on the other hand requires a stable Afghanistan in order to project itself into West Asia. As Pakistan has been heavily invested in de-stabilizing Afghanistan over the years, this may lead to contradictions in China-Pak relations in the long term. Presently China is trying to deal with the challenges thrown up by the radical groups in Afghanistan. China's interest in Afghanistan have largely been economic and security related however it sees an opportunity in occupying the strategic space ceded by US post the latter's withdrawal from Afghanistan.

Within Afghanistan, the radical approach of Taliban and its poor governance will further exacerbate the humanitarian crisis and women's rights in Afghanistan. There is a regrouping of the Resistance taking place in Afghanistan and there could be an offensive by the resistance from Tajikistan and Iran. The near future could see various contradictions developing in Afghanistan within Taliban and between Taliban and Pakistan.

**India in Afghanistan.** India on its part should closely observe the

developments in Afghanistan and continue its humanitarian assistance, support the youth of the country, support progress and democracy - which essentially implies the Resistance. There is also a need for India's Foreign Office to revise its visa policy for Afghan people as thousands of students wait out in Afghanistan. These actions will enhance India's reputation among the Afghani people.

### **India's geo-economics and external influence**

Cues from the Budget 2020-2023 and a scan of the economic environment highlight various developments, challenges and opportunities that could shape India's geo-economics and external influence.

**Foreign exchange reserves.** India's foreign exchange reserves are at the highest ever at \$636 billion and rank 4<sup>th</sup> in the world after China, Japan and Switzerland. This even surpasses oil rich countries like Saudi Arabia. Fifty percent of these reserves are in US dollars and therefore monitoring the strength of dollar continuously is critical.

**Total external debt.** India's total external debt is \$593 billion. The foreign exchange reserves at \$636 billion are higher than the total external debt probably for the first time ever. Of the total debt only about \$100 billion is short term debt that may have to be serviced in urgency.

**PLI Scheme.** \$26 billion have been allocated for the Production Linked Incentives (PLI) scheme over a four to five years period. This is the most significant program in the manufacturing sector to-date while also being largely WTO compliant. Results have already started showing in the sectors of solar equipment, electronics and engineering goods. However the closure period of 5 to 8 years for PLI needs to be firmly implemented as there is a strong temptation among beneficiaries to prolong subsidies. The scheme requires concurrent monitoring, evaluation and reviewing by a third party that is not involved in disbursing subsidies and is to be implemented strictly within the stipulated time bounds.

**Remittances.** India's remittances were \$87 billion in 2021. Their significance cannot be undermined considering it exceeds India's PLI allocation by nearly four times.

**Exports.** India's exports crossed the \$400 billion mark, a figure bigger than economies of many countries. In order to improve exports further, our products must be aligned to the existing global demands. In the agriculture sector India's exports like sugar, basmati rice etc are mostly non WTO compliant, environment depleting and resource/ water guzzling. This export agricultural basket needs a relook as natural resource conservation is increasingly becoming part of trade negotiations with advanced economies and such agro exports may not be sustainable in the future.

**Freight.** Indian exporters this year paid freight of about \$14 billion more than what they had to pay in the previous years to foreign shipping companies. There are many instances where the exporters claim that freight was costlier than the item being exported.

**US-India economic engagement.** The US apart from being India's key strategic partner is its largest trade partner and the largest source of investment since 2000. This has significant implications for our foreign and economic policy. As US \$18 trillion economy grows at about 6%, it augurs well for India and opens up opportunities for a share in the new business that US is gaining.

### **Free Trade Agreements.**

- India has long been pursuing FTAs with UAE, UK, EU, Israel and Australia etc. FTAs with advanced economies such as UK and EU require protection of local markets resulting in protracted negotiations. They are also likely to seek commitments on sustainable practices and environment protection in the agreements. These issues have not been addressed adequately at our end. Our commitment to climate convention and net zero

emission targets needs to translate into trade perspective to facilitate this.

- FTAs with less developed economies of Africa, Southeast Asia and Central Asia etc will provide us easier access to their markets. There are significant trade and FTA opportunities in Africa which are not being exploited. The existing continental trade agreement can be leveraged so that negotiations with a group of countries can be used to cover many markets. Indian exporters are however focused largely on US and EU as our lower tech-value exports find easy market access in these countries. For example, 40% of our pharma exports are to the US; and therefore the greater interest in these economies. Intervention by the Government is required to diversify India's exports to other economies and regions.
- FTA with Australia is likely to be unbalanced as it is largely a natural resource economy for which the tariffs are already low. Also, Australia will seek trade in agriculture and dairy which may not be viable for India.
- India does not have an FTA policy as yet. Such a policy is required to guide FTA negotiations. There is also a need to leverage our strengths in services in the shipping sector - offshore support vessel services, maritime training, dredging etc - which could be included in our FTA negotiations. There is a lot of potential in India for export of these services.

**India's external investments and "investment linked trade" approach.**

The current geo-economic environment dictates that India follow an "investment linked trade" approach. India should make investments where her trade interests lie. The budget allocation of \$1 billion for our external investment is not adequate and needs more support akin to the PLI scheme that has been allocated \$26 billion. There is also a need for an external investment plan. A friendly line of credit scheme from the Government at lower rates would also incentivize and encourage private

investors to invest abroad and will also support our geo-economics and economic diplomacy.

**GIFT Cities.** UAE, Singapore, Hong Kong serve as trading and financial centers for Indian businesses. These businesses should be re-shored to India by making India a financial and trading center for its own businesses. The Government is pushing to make the planned GIFT cities (international financial services centre) a success through tax incentives and financial instruments. However the planned city's ecosystem needs to address the issues of entertainment, leisure, conducive social environment and public utilities to attract people and businesses. An international arbitration centre is also planned.

There is a need to look at geo-economic and geopolitical imperatives in conjunction and not work them in isolation. The ministries of commerce, external affairs and finance should jointly address geo-economics to align it with strategic interests.

## Russian View on the Developments in Ukraine

Prepared by Avantika Menon

*The Russian International Affairs Council (RIAC) organized a briefing for experts at the Vivekananda International Foundation on recent developments in Russia-West Relations and the escalating situation in and around Ukraine. The welcoming remarks were delivered by Mr. Andrey Kortunov, Director General, RIAC. Several prolific Russian experts presented a Russian vision of the current situation in Ukraine and the foreseeable scenarios and forecasts for the region at large.*

The key takeaways that emerged from the briefing by the Russian experts are presented below:

### **The Conflict in Ukraine**

The situation in Ukraine is very complex. A deeper understanding of the conflict can be undertaken by examining it at five different levels of analysis. At the global level, Russia is engaging with the US-driven rules of world order. According to Russia, after the collapse of the USSR, the West didn't negotiate these rules with Russia which has led to the present dissatisfaction. At the regional level, there is a conflict of interest between NATO, the EU, the US and Russia. At the bilateral level, there is an ongoing debate on the ideal pathway of national development; Ukraine has been presented with a choice between Russia's economic and political

model and the EU/US model. At the domestic level, there are clashes between the Eastern and Western parts of Ukraine that have existed since the beginning of independent Ukraine in 1991. The two parts are starkly different with differing policy orientations, ethnic identities and political parties. Different regions of Ukraine have different models of national development. Lastly, at the inter-elite level, there are clashes within the elite communities in Kyiv and the separatist territories of Donbas.

The conflict is thus multilayered and complex making it difficult to find a solution for all the facets. From the Russian perspective, a grand bargain would be a good solution for almost all levels. A grand bargain can present a short to medium term solution while complete reconciliation will require national dialogues which none of the actors seems to be ready for.

The emerging situation in Europe today has direct implications for global security. Although there are no intentions for war with Ukraine, a conflict can happen. And if such developments do take place, there will be serious repercussions for the entire international system.

The growing conflict in Ukraine can also lead to the imposition of newer sanctions that can negatively impact not only Russia but the rest of the world as well. For instance, the Russian-Indian military-technical cooperation can experience setbacks. A situation of war will also lead to a deadlock in the UNSC which will not be in a position to address the Ukrainian problem. Any solution in this regard will require consensus amongst the permanent members of the council. Unfavourable developments in Ukraine will also impact crises in the Middle East and Africa with implications for the situation in Asia-Pacific (Taiwan and North Korea) as well.

The timing of the escalating conflict can be attributed to signalling. Russia is trying to use different types of signals towards the West. In 2008, Russia suggested the draft European security treaty with suggestions to revise the European security architecture, with agreements being signed between

different political and military groups. At that time this initiative wasn't welcomed or even discussed further.

For Kremlin, the signal was very simple. The West doesn't react to diplomatic initiatives or to calls for negotiations, but it does react to the suspense. The process of negotiations can last several years but Russia demands they move quickly because suspense cannot be sustained for a long time. Thus Russia has no other option but to raise the stakes. Experts believe that Russia is not taken seriously unless it demonstrates its power.

The debate on the European security architecture has been intensified upon Russian initiative. It is believed that as the Russian government deliberately started this dialogue, their goal will not be to drive the situation towards a large scale conflict. The Russian government wants to give another look at the present European security arrangements and wants certain adjustments that could fix some of the outstanding European security issues faced by all in the region.

Russia's goal in this situation is deterrence rather than invasion.

### **Russia's relationship with the West and NATO**

The tensions between Russia and NATO stem from the fact that while NATO claims to be a non-offensive bloc of democratic countries that will implicitly attack only non-democratic countries; Russia is not considered to be a democracy by the West. While in its own perception, Russia is a democratic state. NATO perceives Russia as a non-democracy which is why Russia insists on legally binding security guarantees in written form.

The Russian leadership wants to negotiate about interests with the West. However, the West insists on talking about values rather than interests. But, recent talks with the US do indicate that the US is gradually warming up to the prospect of negotiating interests as well. A grand bargain between all the parties is only possible if the negotiations centre on interests.

It is believed that the present crisis is a result of a delayed diplomatic

exchange that should have happened in the early 90s but at that time Russia wasn't ready and didn't have enough resources to ask for more influence and respect internationally.

There is a dramatic crisis of trust on all sides. Basically, the Russian decision-makers hold firm disbelief that the West is playing a fair game and the West shares the same disbelief for Russia.

It is not realistically expected of NATO to agree to Russia's clause of ensuring that some countries never gain membership. It is important to note that in principle even before the present escalation, there is a lack of consensus within NATO. Several countries within NATO are not on board with an eastern expansion of the bloc. The present turbulent period has given further reasons to these NATO countries to not want Ukraine admitted into NATO. All NATO members have agreed that they will accept new members only if it happens to strengthen the alliance's security, which in this case will be conversely dangerous for the bloc. It is thus clear that NATO will not change its open-door policy.

In this context, Russia has undertaken a multilayered approach. Russia has sought to link the future NATO membership of these countries with definite solutions to their separatist conflicts. NATO will also have to change its stipulation of members not having ongoing separatist conflicts in order to admit Ukraine and Georgia. Changing the criteria of membership is a dangerous precedent which is why Russia expects NATO to put pressure on Ukraine and Georgia to make final decisions on Donbas and South Ossetia.

### **Relationship between Russia and Ukraine**

Economic relations between Russia and Ukraine have been steadily declining. Back in 2014, this economic relationship between the two was quite significant but now Ukraine has increasingly been looking at other powerful economic partners as an alternative to Russia, for instance, Turkey. Recently, a new Free Trade Agreement was also signed between

the two. Ukraine is also looking to partner with Azerbaijan.

Bilateral relations at the level of people-to-people cooperation have also declined as immigration from Ukraine to Russia has reduced significantly. People from Ukraine now increasingly prefer to work in European countries rather than Russia. On the brighter side, expert-level interaction continues to persist and is the most progressive part of the Ukraine-Russia relationship. Experts in both countries must continue to cooperate. It is a good starting point for building peace between the two countries in the future.

Ukraine has also made several attempts to diversify its energy sources away from Russia and has tried to cooperate with Turkmenistan for the same. However, the Russian position is not alarmed as the Russian political leadership doesn't reckon that Ukraine has much space to manoeuvre in this area and has limited alternative opportunities. Similarly, in the case of Europe, the Russian leadership believes that Europe is not the only possible buyer of Russian energy. In the EU's talks on diversification of energy sources, natural gas and atomic energy have been categorized as sources of sustainable energy. From the Russian perspective, this move is in the right direction as it is better than other alternatives such as renewables.

Ukraine annually receives around 3 billion dollars from the transit of Russian gas for the EU. Across the period of 2014-2021, the US has invested 7.6 billion USD in the Ukrainian economy. Thus, revenues from the transit of Russian gas are fiscally more important for the Ukrainian budget.

### **Russia-China partnership and Russia's view of the world order**

The critical attitude of the US towards Russia and China has largely driven the growing cooperation between the two. But, it is in Russia's best interest to distance itself from China in a way that it can become a leveraging option for Russia.

Russia continues to stress that it envisions a multipolar world order. There must be different decision-making centers at the global level instead of power concentrated with a couple of superpowers. A diverse world order is one of the key strategic directions of Russia's foreign policy.

The Russian political leadership generally believes that the world should not be organized around superpowers. They assert that global governance should be arranged around regional organizations. They prefer a global governance system that centres on regional powerful organizations that negotiate with each other about the rules of interaction. From that perspective, Russia welcomes the multiple regional power focus of the Indo-Pacific region. With more regional powers involved in interactions and no single country dominating the process, the Indo-Pacific region from the Russian perspective is considered as a step towards the right direction. It is however wary of blocs like Quad which could be perceived to be targeting countries like Russia.

### **Negotiation Prospects**

External powers like the EU and the UN can play an important role in the de-escalation of the conflict. Negotiations can be propelled by individual sovereign states as well, with the positions of Kyiv and Moscow being the most critical.

For quite some time, every actor in this negotiation believed that it would be possible to play on strategic patience and wait until the other side would change its position but this situation has increasingly become unsustainable. Some progress can be achieved by keeping the Normandy format and the Minsk agreement as the basis for the negotiations.

In case the conflict dissipates without escalating to war, there are face-saving options available for both sides. The West can say that they prevented the war, and made Russia deescalate; conversely, the Russian leadership could say that they never claimed to plan a war in the first place. They can state that the intention of war was simply western propaganda.

At present, if all concerned parties fail to reach a diplomatic or an intermediary solution, the conflict is bound to escalate even further. For longer-term results, the negotiation process needs to be ignited.

## Current Political Landscape in Libya

Prepared by Hirak Jyoti Das

*The West Asia Experts Group Meeting was virtually held on 7 February 2022 by the Vivekananda International Foundation, the discussion was focussed on “Current Political Landscape in Libya”. The key speaker in the session was Ahmed H.M. Gebreel, Libyan Ambassador to India; members attending and contributing were Amb. Anil Trigunayat (Coordinator); Amb. Kanwal Sibal; Amb. D P Srivastava; Dr. Meena Singh Roy; Lt. Gen. R. K. Sawhney and Director Dr. Arvind Gupta.*

### **Political Dynamics in Libya**

The Libyan conflict since 2011 led to large number of deaths and displacement and widened the deep tensions within the oil rich Arab state. The conflict indicates not the failure of the Libyan people, but the failure of the international community due to their vested interests and divisions supporting the Tripoli based internationally recognised government and rival Tobruk based government. The presence of terrorist groups has further complicated the conflict dynamics in Libya. Over the years, the Libyan people and international community are facing conflict fatigue. The Libyan people suffering more than decade of conflict wholeheartedly favours stability, rule of law, democratic process etc. The role of external actors has also transitioned during the course of the conflict.

Eventually, after series of meetings among key stakeholders in November 2020, the Libyan Political Dialogue Forum (LPDF) was set up to facilitate election and ensure democratic legitimacy of state institutions. It provided a political roadmap including 18 month time scale for holding parliamentary and presidential elections in December 2021; implementing an amnesty as well as return of internally displaced people and refugees. On 10 March 2021, the provisional government was erected to unite the rival governments under Prime Minister Abdul Hamid Dbeibeh.

The foreign forces despite several commitments have continued to remain in the country. The divided political class have failed to agree on the rules of overseeing the December 2021 election; eligibility of candidates and reaching consensus over the powers of the president, parliament. Libyan analysts have emphasised the need to frame procedures agreed by all sides prior to election because any disputed result could unravel the fragile peace process.

The parliament is currently considering appointing a new Prime Minister since Abdul Hamid Dbeibeh has failed to facilitate the anticipated election. However, confusion and disagreements remain over the powers of parliament to dismiss and appoint Prime Minister and President without democratic mandate.

In terms of presidential candidates, the top names include Prime Minister Abdul Hamid Dbeibeh; former Interior Minister Fathi Bashagha; eastern-based parliament speaker Aguila Saleh; Khalifa Haftar and Saif al-Islam Gaddafi. The current Prime Minister has faced public criticism for failing to prepare for election. He has also used government resources to back his candidature. Haftar while holding popularity in the eastern areas do not enjoy enough national level appeal. It is also likely that the possibility of Haftar presidency could re-ignite political and regional divisions.

Saif al-Islam Gaddafi is widely popular and in case of fair election, there is possibility that he might win. There is hope that he could bring stability.

However, Gaddafi's critics doubt his tolerant attitude and fear that he could re-introduce harsh measures on his opposition. Notably, the long-time ruler, Muamar Gaddafi was killed to death by the Libyan public. The Gaddafi family history could deeply impact his decision making process. Former Interior Minister Fathi Bashagha coming from an important family from Western Libya is also a strong contender. He enjoys cordial ties with the Speaker of parliament Aguila Saleh and Khalifa Haftar.

The mentality of the youth towards radicalisation has transformed due to the unstable security environment affecting their livelihoods, employment and widening socio-political tensions. Libyan society over the period of time has become more open and less supportive of radicalisation. Moreover, there is decline in the popularity of Muslim Brotherhood (MB). The current political groups sensing the public sentiments are abandoning Islamist ideals in their ideologies. Notably, Khalid Al-Misri, Chairman of the High Council of State, an advisory body to the Tripoli based Government of National Accord (GNA) is also member of the Justice and Construction party, affiliated to the MB. Al-Misri and the MB are trying to avoid holding election in Libya that could further weaken their political influence.

### **Key External Actors**

The US after years of hesitance has changed its position due to Russia's growing influence in Libya. The US' increased role in peace-making could potentially play a positive role in resolving the continued differences. Turkey was one of the key actors supporting the Tripoli based internationally recognised government. Turkey's troop presence was crucial to block Haftar's advances. It has aligned with the Tripoli based government to demarcate the zones of influence in the Eastern Mediterranean Sea region.

The role of regional and extra-regional actors can be divided into three categories. Qatar, UAE, Egypt, Russia and France's roles have been largely negative contributing in aggravating positive tensions. Germany and Italy

have played a crucial role in reducing tensions and build atmosphere of reconciliation. Maghrib states have also supported the peace process. In the third category are states that have neglected the Libyan crisis that includes India.

### **India's Prospects in Libya**

India is one the largest economies in the world and currently occupies non-permanent membership in the UN Security Council (UNSC). India chaired meeting on Libya Sanctions Committee in September 2021. Libya has huge expectations from India and expressed hope to receive support for the peace process and the will of the people.

Both India and Libya have mutual interests. There is high potential for India to make inroads in the electricity production and transport sectors. In the current period, the talks between the Indian Embassy in Tunis and Libyan provisional government have been futile. It must be noted that the security situation in Libya has improved considerably and India should consider reinstating the embassy and lift travel ban as early as possible. Tripoli is confused with the attitude of the Indian government and expressed fear that India's lack of initiative to boost engagement could have long-term consequences including future investments and role of reconstruction projects.

## Strategic Outlook for Indo-Pacific in 2022

Prepared by Prerna Gandhi

*The Vivekananda International Foundation organized a joint webinar with the Japan Institute of National Fundamentals (JINF) on 10 February 2022 on Strategic Outlook for Indo-Pacific in 2022. After initial remarks by Dr Arvind Gupta, Director VIF and Ms Yoshiko Sakurai, President JINF, presentations were made by Amb Anil Wadhwa, Distinguished Fellow VIF and Hiroshi Yuasa, Senior Fellow JINF. The webinar discussed a range of issues from shaping new regional security architecture to engaging ASEAN and analyzing ramifications of China's military rise and Ukraine standoff on the region.*

Some of the salient points made were:

### **China's Aggressive Grey Zone Behaviour**

The Japanese side particular mentioned how Japan is facing its most serious strategic crisis in nearly over a century. For Japan, rising Chinese firepower, record incursions in waters around Senkakus, untypical naval transits by PLA Navy in Japanese waters along with Russia, continued harassment of Taiwan, Chinese encouragement to North Korea to conduct provocative tests threatening Guam and the US forces in the region, etc. destabilize its security. The India side explained how unprecedented Chinese aggression on the border since June 2020 along with the CPEC project, eyeing

military facilities in the Bangladeshi port of Payra and Sittwe port in Myanmar and heavily indebted India's neighbourhood countries like Maldives and Sri Lanka pose serious challenges for India and allow China further ingress into its neighbourhood. Both sides underscored how China has used the BRI and the Maritime Silk Road initiatives to stay under the radar and create dependencies and dual use assets in vulnerable countries in need of finances. Also China's attempts to create a fait accompli for a zone of influence in South China Sea have ramifications beyond the region. Further the Chinese control over containers and shipping as well as ship repair industries have resulted in uncertainties in both global supply chains and world shipping.

### **Military Challenge from China**

Both sides noted that while much of policy discourse has defined US-China rivalry as primarily a high technology tussle, China's efforts to ensure a dominance in military terms in the Indo Pacific region had been somewhat sidelined. There has been an unprecedented Chinese naval build up, construction of 300 new missile silos, beefing up of its nuclear forces and aggressively seeking overseas Chinese bases in the Pacific as well as the western Indian Ocean. Chinese advances in comprehensive power projection can be seen in the build-up on the Indian border, public testing of some game changing new weapons like the hypersonic glider, an expansionist new border law, an aggressive maritime militia, allowing Chinese Coast Guard to fire on foreign vessels etc. In terms of the scale of naval vessels, the number of Chinese naval vessels increased to 350 as compared to 296 US navy vessels in 2020, leading China to finally surpassing the US in terms of number of vessels. The number of submarines owned by China also exceeds the US with China 62 and the US 52. However, while all 52 US Navy submarines are nuclear submarines China has only seven nuclear submarines. In this context, the addition of eight new Australian submarines due to AUKUS compact will be able to strongly deter China even if China's nuclear submarines are strengthened

in the future.

### **Growing Russia-China Alliance**

The high profile first in-person summit of Xi (in nearly two years) with Putin at the Beijing Winter Olympics mirrors the situation in 2014 when Xi Jinping made a high-profile appearance at the Sochi Winter Olympics as Putin was criticized by some Western leaders for Russia's human rights record. This time, Xi is under fire for China's abysmal human rights record in Xinjiang and growing economic coercion as Putin engages in a massive standoff with the west to halt NATO's expansion. Since 2014, the two have met nearly 30 times leading their nations to share similar trust and camaraderie. Following the renewal of the 20-year Treaty of Friendship, the two countries have been quick to expand roadmap for defence cooperation to unprecedented levels not seen for some time. While India does not want Russia to be further isolated and pushed into China's lap, even Japan's aims of settling its Kurile Islands dispute with Russia have come to a sudden halt.

### **Implications of AUKUS**

The AUKUS is important not just for nuclear propulsion technology and submarines for Australia but is also a pact between US, UK and Australia for quantum communication technologies, undersea cables, artificial intelligence etc. which will protect the undersea cables meant for communications between the three in the Pacific. While Japan has signed a Reciprocal Access Agreement with Australia, it can be expected not to join AUKUS for now. However, the RAA agreement is seen as a precursor of a new security structure moving away from USA led security structures and as a precursor of similar agreements that Japan could create with UK and France to deter Chinese aggression.

### **Rising Salience of Quad**

The Quad grouping between USA, India Australia and Japan has come

into its own as it now meets in the summit format along with regular foreign ministers' meetings. The Quad allows flexibility of agenda, and it has now gone beyond the earlier agreed areas like climate change, vaccines, and infrastructure to include semiconductors, critical technologies like 5 G networks, cyber security, advanced communications, and artificial intelligence as well as space-based information for maritime domain awareness. Malabar exercises now include all four countries, and the issue of interoperability has been given full play. The Quad countries will need to make better use of the key island territories they already hold in the Indian Ocean, which provide strategic access and reach over important areas of the ocean. These islands – Cocos (Keeling) Australia, Reunion (France), Andaman and Nicobar (India), and Diego Garcia (US/UK/Mauritius) are strategically located.

### **Ukraine Crisis**

The Japanese side noted that actions of the Russian army on the Ukrainian border pose a severe challenge to the liberal international order. Further, this crisis also does not allow the US to concentrate on rebalancing with China as President Putin has entrenched his position on reversing NATO's eastern expansion. There is also threat of Xi Jinping administration utilizing the Ukraine crisis to militarily move on Taiwan. The Indian side explained India's position on the Ukraine standoff and its inability to take sides as both Russia and the US are very important strategic partners.

### **Bolstering ASEAN**

ASEAN Centrality is staunchly supported by all Quad countries to be cornerstone of the Indo-Pacific security architecture. However, as China is trying to separate the fast-growing ASEAN from the world's democratic camp and enclose it as a Chinese economic zone, there is a glaring need to bolster ASEAN. Both sides agreed the Quad should work together to invite major ASEAN countries to "Quad Plus" and prevent China from building a "forced sphere of influence."

## **Future of Quad Plus**

Both sides agreed that Quad is a flexible alliance that does not mandate all four partners to be uniform on policy positions and allows for focus on a wider agenda that reinforces security amidst a rapidly changing environment. Despite the perceived US decline following its disastrous withdrawal from Afghanistan, the strategic objective of “deterrence against China” has not been shaken. With deterrence as a driving principle, the Quad Plus can become a “multiplier of force” as democratic countries can fortify the strained liberal international order. The Japanese side recommended building a collective defence system of “Quad Plus” including Vietnam, Britain, France, the Netherlands, and Taiwan and so on.

## **Rising Uncertainty and Security Tensions**

The year, 2022, began with the fear of a double war due to China’s military threat to Taiwan and the reinforcement of Russian troops to the Ukrainian border. It was the first test for the United States, which withdrew from Afghanistan, to shift its strategy to “rebalance with China.” In particular, the growing tensions in Ukraine pose threat of swamping the United States down and prevent it to concentrate on the competition with China. Further, the United States, which is struggling with domestic division, does not have the strategic power to win two large-scale wars at the same time. Therefore, the liberal nations of the Indo-Pacific region must strengthen their own defense capabilities and reinforce the cohesion of the alliance in order to deter totalitarian powers.

## **Conclusion**

Both the VIF and JINF appreciated the candid and frank discussions that clarified positions of both India and Japan on the new strategic developments. Recommendation was made to expand such exchanges to regular frequency and also bring in new partners especially from ASEAN countries.

# The Melbourne Ministerial and Developments in Ukraine

Prepared by Avantika Menon

*The latest iteration of the Quarterly held Quad Plus Dialogue was hosted virtually by the VIF on 14 February 2022. Participating think-tanks representing the other Quad partners included the Heritage Foundation, USA; the Japan Institute of International Affairs (JIIA), Japan; and the Australian Strategic Policy Institute (ASPI) Australia. In this edition of the dialogue, the Taiwan based think-tank, the Institute for National Defense and Security Research (INDSR) joined in as a 'Plus Partner'. The welcoming remarks were delivered by Dr. Arvind Gupta, Director VIF followed by opening remarks delivered by Mr. Michael Shoebridge, Mr. Walter Lohman, Ms. Tomiko Ichikawa and Dr. Chen-wei Li. Set in the context of the emerging developments in the Indo-Pacific and the brewing conflict in Ukraine, the meeting agenda focused on the economic and strategic implications of regional developments including the Ukraine crisis and their impact on the Indo-Pacific region. In the ensuing brainstorming session, the discussants engaged in a stimulating discussion covering pertinent contemporarily relevant issues with a special focus on the Ukraine border crisis. The key takeaways from the dialogue are presented below:*

Three important developments, namely, the fourth Quad ministerial in Melbourne, the Australia-Japan Reciprocal Access Agreement and most importantly, the emerging situation on the Ukraine border have informed the discussion amongst the Quad Plus partners in this session. The crisis

in Ukraine has global economic and security ramifications with questions regarding the continuing American focus on the Indo-Pacific and the future of the Quad ringing high in everyone's mind.

### **The Melbourne ministerial and the emerging Quad agenda**

The Quad agenda has become notably positive and wide with the Quad vaccine partnership in place to be implemented by the end of this year. One billion doses are set to be dispatched to countries across the region.

The agenda so far has included a wide slate of high profile initiatives such as the Quad infrastructure group, the Quad fellowship program, the Quad technology standards group, semi-conductor supply chain initiatives, 5G deployment, biotech sharing and satellite data sharing.

The Melbourne ministerial indicates that the exploding agenda of the Quad has finally stopped exploding and is a bit more stable and focused on delivering on what the Quad leaders have already set out.

The Quad must continue to maintain its status as a small group of friendly countries working together within a flexible framework without entrenching itself in bureaucracy. It is recommended that it avoids excessive structuring and overly diverse scope of activities. It must continue to promote values of freedom; democracy and a rules-based international order while pursuing closer security cooperation.

The Quad is often criticized for moving away from security cooperation. A move towards the Quad emerging as an exclusively non-security focused group is not an optimal avenue. However, it is important to note that since its inception, the focus of the Quad has been security and security continues to be its primary aim. Varying factors contributing to comprehensive security have been emphasised across the multiple meetings that have taken place.

The grouping must focus on facilitating technology transfers amongst partners. Technology transfers to partners like India and Australia will

significantly enhance their capabilities and allow them to enhance their security. This will allow them to move ahead towards more indigenous manufacturing and production. The aiding in the development of capacities is a direct contribution to the enhancement of security and thus not a move away from a security-focused outlook.

Although the public statement of the Quad lacks overt mentions of hard security, at the same time, it must be recognized that there has been gradual and clear increasing security cooperation amongst the partners. A distinct advantage of the flexible Quad framework is that not everything has to be done by all four countries all the time. The states can combine their bilateral, trilateral cooperation with the Quad framework and can move forward accordingly.

The Covid-19 Pandemic is far from over and continues to rage on with new variants popping up periodically. In this context, Quad's focus on post-pandemic recovery and development is of paramount importance. The nature and course of post-Covid recovery will inevitably shape the region. It is important to note that there cannot be any resilience without economic recovery; similarly, there cannot be any defence procurement without the requisite budget. Hence, development and economic pillars are vital parts of Quad cooperation.

The focus for the grouping now has to be geared towards implementation instead of adding any further to the agenda.

### **Australia-Japan Reciprocal Access Agreement**

This landmark agreement was stuck in negotiations for the past eight years due to insurmountable policy differences between the two states. The biggest hurdle was the comparatively different national positions on the death penalty in Japan and as it would apply to certain Australian military personnel. The fact that it was resolved despite this insurmountable obstacle around the death penalty is indicative of how significantly Beijing has become a factor towards these countries finding ways to work together.

This agreement is a huge enabler for enhanced Australia-Japan military cooperation and must be promptly followed by investments in Australian facilities that enable joint military cooperation with both the Japanese and the other Quad partners as well.

The agreement is indicative of the Japanese resolve towards enhancing security cooperation with Australia, and it is recommended that Tokyo should increasingly seek closer dialogue and cooperation with the UK as well. This could successively bridge the cooperation between Quad and the newly formed AUKUS arrangement.

### **The growing Russia-China partnership**

There has been a very visible rapprochement between China and Russia over the course of 2021. This has not been limited to only the policy domain but has been extended to significant military and security cooperation as well. The growing bonhomie between the two states was clearly demonstrated during the summit meeting at the Beijing Olympics between President Putin and Xi Jinping. This meeting sought to set out a common agenda rooted in the use of coercion, intimidation and the use of force to secure their interests in their respective regions. Both the powers seek to reshape the regional and global order via restricting the existing spheres of influence; in stark contrast to the Quad's vision of a Free and Open Indo-Pacific.

On the military side, there is remarkable military cooperation between the two at an unprecedented level and scale. Several Vostok exercises have seen significant Chinese participation at the brigade level. At an exercise last year, Russian troops were seen debussing out of Chinese APCs. This level of interaction and interoperability is not even seen within NATO.

However, this doesn't necessarily mean that the two militaries are entirely interoperating. More than anything else, these military exercises are indicative of intellectual property transfers of hard-won combat experience by Russia to China. The Russians have recent combat experience on

everything from conducting large scale artillery campaigns to the role of UAVs in modern warfare, which can be very useful for the Chinese.

While there is strategic cooperation between the two states on several matters, it is important to note that there are several faultlines in this relationship as well. There is a distinct lack of Chinese investment in Russia with investments under the BRI project surreptitiously skipping Russia on their move from West, into Central Asia then south towards Iran and the Caucuses and eventually into Europe, via Turkey. It is increasingly clear that Beijing doesn't seem to be necessarily comfortable with its investments under Russian guns.

Even on the matter of Ukraine, there seem to be apparent divergences between the two as Ukraine has significant economic ties with China. China is a significant buyer of Ukrainian grain. In this regard, it is important to note that China is yet to recognize the Russian annexation of Crimea.

The growing closeness of the Russian and Chinese leadership is inevitably bringing the Quad members and their European partners closer together. Thus, on the brighter side of things, this new friendship is successfully joining European and Indo-Pacific security concerns together and presenting them as common challenges despite of the divergent views around Russia within the Quad members.

### **Implications of the Ukraine Crisis on the Indo-Pacific and Quad**

The evolving situation in Ukraine can play out in two possible ways: in case of a full-scale invasion, this can emerge as the worst outcome for Beijing as it will be a galvanizing moment for the world's democracies and would potentially make it a true medium temperature war between autocracies and democracies. Alternatively, Putin may keep intimidating and coercing opportunistic bites from Ukraine which will empower Xi and his approach towards Taiwan. Thus, one outcome makes it better for Xi while the other creates an emerging coalition of powerful democracies

which is bad news for Beijing.

It is important to note that in the ministerial, the Quad has also released a statement on European security and Ukraine, which signifies yet another force function that will drive the Quad together along with other European partners.

Looking at the impact of the Ukraine crisis on the US policy towards the Indo-Pacific is very critical. No matter which way the crisis goes, the US is going to face a dilemma. The US can't drastically reduce their commitment to Europe in favour of a pivot to the Indo-Pacific. They have to be prepared potentially for a greater and sustained presence in Europe which could potentially slow down their ability to rebalance and pivot to the Indo-Pacific Region.

Concomitantly, there will be a need for greater burden-sharing with the allies, particularly in the Indo-pacific. The AUKUS is a key agreement in this regard. Potentially extending AUKUS to other key partners such as Japan will be the ideal way forward. The Quad will need to assist the US in prioritizing areas of cooperation that contribute towards hard security and hard defence capability down the line. While a focus on infrastructure and pandemic response is essential, in light of the present circumstances, facing two nuclear-armed major power adversaries increasingly challenging the status quo; there is a need for a much needed rebalance within the Quad. This rebalance will require the Quad to focus on more hard security issues and streamline cooperation on critical and emerging technology. Cooperation in these key areas can effectively build up the capability to counterbalance China and Russia.

India will have to walk a precarious tightrope between two strategically important partners, the US and Russia. For India, both relationships are extremely critical. In the evolving situation, in case severe sanctions are imposed by the US on Russia, India will inevitably find itself in a tough situation. It will need to find a way to navigate through this.

Presently, there is a lot of sympathy for Ukraine within the US, and there is very little appetite for equating Russian anxiety about NATO expansion with justifying an invasion of another country.

With the focus on Russia and Europe, it will become important to ascertain the magnitude of the US commitment to the Indo-Pacific.

## **Taiwan and ASEAN**

Although the emerging developments in Ukraine have driven up a sense of crisis within Taiwan, geopolitically the situation in both countries is starkly different. Taiwan occupies an important position in the global supply chain. Additionally, military analysts emphasise the differences between intervention in Ukraine and intervention in the Taiwan Strait requiring extremely different military capabilities.

It is important to note that, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has seemingly gone unnoticed in both the Quad agenda and the latest Indo-Pacific strategy document.

The CPTPP and other similar multilateral trade mechanisms that are growth-oriented will continue to be a vital part of Taiwan's regional agenda.

The ASEAN states are very insecure due to China's continuing assertive activities in the region. It is imperative that these countries be supported and be made increasingly more self-reliant. The recently concluded sale of BrahMos missiles to the Philippines by India is one such step.

In the current evolving geostrategic scenario both within the Indo-Pacific and outside, the Quad continues to play a vital part and this cooperation needs to be nurtured further. At the moment, the global security situation is precarious, the more the Russians get marginalized, the further they get pushed into China's lap. These complex areas need to be dealt with rationally and it is important to remember that there is simply no black or white as far as the nation's interests are concerned. They are all grey areas.

## **Pakistan: Internal and External Developments**

Prepared by Aakriti Vinayak

*A meeting of the Pakistan Study Group (PSG) was held via video conferencing on 28<sup>th</sup> February 2022. The agenda's main items were: Pakistan- Signs of Imran Khan's desperation, Opposition- No Confidence Motion/Long March?, Imran Khan's Russia visit, Afghanistan- Humanitarian Situation, Six months of Taliban rule-consolidation or signs of opposition? The Meeting was attended by the following: Shri Arvind Gupta, Amb Satish Chandra, Ms Shalini Chawla, Shri Rana Banerjee, Shri CD Sahay, Amb Gautam Mukhopadhyaya, Shri Sushant Sareen, Amb DP Srivastava, Amb Amar Sinha, Amb G Parthasarathy, Lt Gen Ravi Sawhney(retd), Lt Gen Ranbir Singh, Shri Tilak Devasher, and Gp. Capt. Naval Jagota.*

### **Pakistan**

A flurry of interesting developments is taking place in Pakistan. Internally Imran Khan continues to face heat from the opposition. The opposition parties are exerting pressure to bring no confidence motion against Imran Khan, accusing him of mishandling the economy. For months now they are trying to bring consensus on the issue. Pakistan's opposition parties, united under the nine-party Pakistan Democratic Movement (PDM) alliance, submitted a formal request to seek a parliamentary vote of confidence against PM Imran Khan. PDM is also set to launch its long

march on March 23, 2022. Pakistan People's party (PPP) on 27 February 2022 has also launched the 'Awami Long March' wherein long march participants would pass through 23 districts and 37 cities in 10 days before reaching the federal capital. As mentioned in the twitter handle of the PPP the march is for Haq-e-Hakmiat (right to self-rule), Haq-e-Malkiat (right to property), Haq-e-Rozgar (right to employment), Haq-e-Barabri (right to equality). However how much PPP gains with this march is yet to be seen. The future of Imran Khan is bleak. It is still unclear whether military is in support of Imran Khan's removal. However the wave against Imran Khan is strong, only if he strikes a deal with the military he can be saved. On the external front bonhomie between Pakistan and Russia was seen. Imran Khan was on the two-day visit to Russia from February 23-24, 2022. The visit comes at the backdrop of rapidly rising tensions between Russia and the West over the Ukrainian crisis. The Prime Minister during the visit underscored Pakistan's commitment to forge a long-term, multidimensional relationship with Russia and also discussed the importance of Pakistan-Stream Gas Pipeline. It is pertinent to note that Pakistan untimely visit to Russia comes at the time when it needs friends as its economy is in dire straits. Importantly Pakistan wants to portray that is pursuing an independent foreign policy amidst the Ukrainian crisis.

## **Afghanistan**

It has been six months since Taliban has illegitimately wrested power on 15 August 2021 in Afghanistan. However the situation continues to remain grim. Though the levels of violence of have reduced, Taliban continues to face governance issues as the country stands at the edge of economic collapse. There has been no signs of consolidation yet as the internal fissures in Taliban persists. Further there have been reports of abductions, beatings and, in some cases, the torture and killing of journalists, human rights activists and former civilian and military officials. The humanitarian situation is severe as according to the UNICEF World Food Program reported that 23 million Afghans "face acute hunger, including 9 million

who are nearly famished.” India has been at forefront in providing humanitarian aid to Afghanistan. India has already supplied 4000MT of wheat, half a million doses of the Covid-19 vaccine Covaxin, 13 tonnes of essential lifesaving medicines and winter clothing for the Afghan people.

## **About the VIVEKANANDA INTERNATIONAL FOUNDATION**

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.

The defining feature of VIF lies in its provision of core institutional support which enables the organisation to be flexible in its approach and proactive in changing circumstances, with a long-term focus on India's strategic, developmental and civilisational interests. The VIF aims to channelise fresh insights and decades of experience harnessed from its faculty into fostering actionable ideas for the nation's stakeholders.

Since its inception, VIF has pursued quality research and scholarship and made efforts to highlight issues in governance, and strengthen national security. This is being actualised through numerous activities like seminars, round tables, interactive dialogues, Vimarsh (public discourse), conferences and briefings. The publications of VIF form lasting deliverables of VIF's aspiration to impact on the prevailing discourse on issues concerning India's national interest.



### **VIVEKANANDA INTERNATIONAL FOUNDATION**

3, San Martin Marg, Chanakyapuri, New Delhi – 110021

Phone: +91-11-24121764, 24106698

Email: [info@vifindia.org](mailto:info@vifindia.org),

Website: <https://www.vifindia.org>

Follow us on [twitter@vifindia](#)