



Vivekananda
International
Foundation

VIF Expert Groups Reports

Africa | China | Climate Change | Eurasia | Europe
Geo-Economics | Indo-Pacific | Neighbourhood
Pakistan | US | West Asia

January 2023 | Issue No. 30



Edited by Naval Jagota

© Vivekananda International Foundation

Published in 2023 by

Vivekananda International Foundation

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

Tel: 011-24121764 | Fax: 011-66173415

E-mail: info@vifindia.org

Website: 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.

Developments in Iran	7-11
<i>- Prepared by HIRAK JYOTI DAS</i>	
Major Trends in Global Climate Change and its Potential Implications for India	12-18
<i>- Prepared by PK KHUP HANGZO</i>	
Singapore's Approach to the Indo-Pacific	19-21
<i>- Prepared by SWETA KUMARI</i>	
Pakistan in Peril – Internal Turmoil and Implications	22-27
<i>- Prepared by AARUSHI GUPTA</i>	
Indo-Italian Relations: Future Directions and the European response to the war in Ukraine	28-30
<i>- Prepared by PRERNA GANDHI</i>	
Internal Political Dynamics in the US: Implications on India and the World	31-38
<i>- Prepared by SWETA KUMARI</i>	
Outlook for China Post Zero-COVID Policy Reversal	39-42

Vivekananda International Foundation commenced 2023 with renewed vigour in which seven expert groups met and two of which had interactions with ambassadors from Singapore and Italy. The areas of interest were China, Iran, US, Pakistan, Indo-Pacific, Europe and Climate Change in which key developments and perspectives were discussed and debated.

The West Asia expert group meeting was held on 4 January 2023 by the Vivekananda International Foundation, the discussion was focused on “Developments in Iran”. The key speaker for the session was Prof. Kingshuk Chatterjee, Department of History, University of Calcutta. The protest in Iran sparked after the death of 22 year old Kurdish woman, ignited voices against excesses by the authorities that led to full-blown agitation. The protest is the most sustained and widespread geographically and in terms of class character and age since the 1979 Islamic Revolution. The discussions were focussed on the repercussions of these protests on the internal political structure of Iran.

The Third Meeting of the Climate Change expert group was held on 16 January 2023 through hybrid mode. The meeting discussed major trends in global climate change and its potential implications for India including climate tipping points, Himalaya glaciers, ocean warming, etc. A wide perspective was shared on the current stand of major countries on policy, finance and mitigation.

Singapore is a model of economic growth in the Indo-Pacific region. Its policies and diplomacy have been successful in managing the rivalries between the major powers. India and Singapore share a long-term strong relationship which is based on trust. In the backdrop of the rise and

assertiveness of China in the region, the emergence of the Indo-Pacific as a new construct of geopolitics and the rise of new groupings, such as the Quad and AUKUS. The Indo-Pacific experts group of VIF organised a talk by the High Commissioner of Singapore to India H.E. Simon Wong Wie Kuen on “Singapore’s Approach to the Indo-Pacific” on January 16, 2023.

The Pakistan Study Group (PSG) meeting was held in hybrid mode on 23 January 2023. The main items on the agenda were developments on the Afghanistan-Pakistan border, Pakistan’s economic situation, Pakistan’s political developments, and Indo-Pak relations with reference to the statements given by the Pakistani leadership. Discussion was on Pakistan’s grim security situation and its policy on Afghanistan and counter-terrorism and its economy facing an inevitable meltdown, and is on the verge of defaulting on its debt repayment obligations. Also discussed was the turmoil with the dissolution of the Punjab and KPK provincial assemblies and statements given by Prime Minister Shehbaz Sharif, Pakistan PMO and Minister of State for Foreign Affairs Hina Rabbani Khar in favour as well as against initiating talks with India.

The Europe expert group organized an interaction with H.E. Mr. Vincenzo de Luca, Ambassador of Italy to India on 25 January 2023. Mr. Vincenzo de Luca spoke on “Indo-Italian Relations: Future Directions and the European response to the war in Ukraine”. The speaker provided a perspective of the reasons of the war, solutions as well areas of cooperation with India in economic arena.

The midterm elections in the United States set the motion for the Presidential election and project the strength of the existing administration. The elections have resulted in changes in Congress and altered the legislative course on some of the important internal and international issues. To analyse the developments after the midterm elections, a discussion was held after a presentation by Prof K. P. Vijayalakshmi on “Internal Political Dynamics in the US: Implications on India and the World” on 27 January

2023 in the US experts group.

The China experts group discussed the significant changes which occurred in China, regarding the Zero-COVID Policy and the 20th Party Congress. Why China exited the Zero-COVID policy and its implications. Also discussed was the political and economic impact after the exit from the Zero-COVID policy and outlook for 2023.

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.

New Delhi
February 2023

Naval Jagota

Developments in Iran

Prepared by Hirak Jyoti Das

The West Asia Experts Group meeting was held on 4 January 2023 by the Vivekananda International Foundation, the discussion was focused on “Developments in Iran”. The key speaker for the session was Prof. Kingshuk Chatterjee, Department of History, University of Calcutta. The members attending and contributing were Amb. Anil Trigunayat (Coordinator); Amb. D P Srivastava; Amb. Sanjay Singh; Amb. Prabhat Shukla; Vice Admiral Satish Soni (Retd); Lt. Gen. Ravi Sawhney (Retd) and Director, VIF, Dr. Arvind Gupta.

The protest in Iran sparked after the death of 22 year old Kurdish woman, Mahsa Amini on 16 September 2022 at a Tehran hospital under suspicious circumstances. She was accosted in Tehran by Gasht-e-Ershad or Guidance Patrol for being a “bad hijabi”. Amini’s custodial death ignited voices against excesses by the authorities that led to full-blown agitation. The protest is the most sustained and widespread geographically and in terms of class character and age since the 1979 Islamic Revolution. The protest has been far more long drawn than the protests in 2009, 2017 and 2019. Large and small protests have taken place in around 280 cities and towns in all 31 provinces. The current protest is unique from the previous women’s rights protests and political mobilization. The demands not only include specific political, economic and social rights for women but it encompasses a larger theme under “Zan, Zendegi and Azaadi” i.e. dignity for the woman and Life and Freedom from repression. The intrusive

enforcement of Islamic morality is therefore, only one aspect within the ambit of demands by protestors. The protestors are demanding a change of the system rather than change in the system.

Notably, during the secularization process in Iran in 1930s, the wearing of the ‘Chador’ in public was outlawed. The secularization process was largely accepted in urban and upwardly mobile segments of the society. The small town and the rural society were slow to embrace the secular ethos. In the post 1979 Islamic Revolution period, the new regime imposed mandatory hijab for all women including non-Muslims and non-Iranians. The move remained unpopular among the urban, educated, upper and middle class women. The new regime promoted traditional lower middle class and provincial values as benchmark of Islamic behavior. The enforcement of the Hijab laws however varied from province to province.

For the conservatives, the enforcement of Islamic morality is an effective tool against the reformists. Reformists have favoured relaxation in these laws. During the tenure of President Mahmoud Ahmadinejad, Guidance Patrol was institutionalized in 2006-2007 primarily for generating employment for provincial and lower middle class youth. The patrol was highly active during Ahmadinejad regime. It scaled down patrol activities during Hassan Rouhani regime. The activities of the Guidance Patrol increased during Ebrahim Raisi’s tenure as Chief Justice. The government since 2020 has been applying stringent measures to enforce the Hijab laws. The invasiveness and aggressiveness of the Guidance Patrol under Raisi presidency has been highly unpopular.

In the initial phase of the protest, the Supreme Leader and the President tried to pacify the protestors by calling Mahsa Amini as Dukhtar-e-Iran or Daughter of Iran and promised thorough investigation. Hossein Salami, the Commander-in-Chief of Islamic Revolutionary Guards Corp. (IRGC) gave ultimatum to end protest by 5 November 2022. On 9 November, as a gesture of accountability, the police chief of Zahedan was suspended.

The hijab protest however continued that has deeply worried the ruling establishment. The protest has merged the question of women's rights with the broader disaffection against the Islamic system. The slogans in the current protest have become more extreme than before challenging Supreme Leader Ayatollah Ali Khamenei's authority. The challenge to Supreme Leader's authority indicates erosion in the Islamic Republic's political legitimacy among Iranians.

The regime's approach has been defensive that was taken by surprise at the intensity and spread of the protests. The level of repression during the current spate of protest has been harsh with official figures reporting more than 5000 arrests and around 300 deaths. Unofficially, more than 30,000 have been arrested and around 500-750 were killed. There have been two executions and around 10 more are awaiting trial on charges of Moharebah or "War against God". The government has used the tactics of blaming it on foreign malfeasance and domestic collaborators to divert attention from the real causes of the crisis. Raisi government has implemented total news blackout and restricted access to internet. Historically, the crackdowns by security forces have occurred in major cities such as Tehran, Esfahan, Shiraz, and Tabriz. The spread of the protest in smaller towns has pushed the logistics of repression.

The government is trying to conceal the asymmetry of violence and framing the protestors as rioters and killers. The scale of repression further escalated in December 2022. Prominent individuals have also been arrested for supporting the protests. The vulnerability index of the regime has increased in January 2023 as compared to November 2022. The protest as mentioned has challenged regime stability especially in light of Ali Khamenei's falling health and possible succession. Ali Khamenei is the last of the top ranking associates of Ayatollah Ruhollah Khomeini and his death will mark the end of the revolutionary generation. The conservative elements of the revolutionary generation have successfully captured every institution creating a large body of beneficiaries. The Guardian Council

has taken steps to block the entry of reformists in municipal, provincial and national tiers of government. A large majority of the population are born after 1979 that see the Islamic Republic as highly repressive.

In terms of succession, Ayatollah Ali Khamenei is pushing his son, Mojtaba Khamenei as the new Supreme Leader. Mojtaba however does not have the credentials as a jurist to qualify for the position of the Rahbar. Notably, Ali Khamenei was also not a jurist during his selection as the Supreme Leader. Mojtaba's support base includes the Basij and a section of Sepah. He was considered as architect of the electoral irregularities leading to Mahmoud Ahmadinejad's victory in 2009. Ebrahim Raisi is another strong contender for the position of the Supreme Leader. He is connected to the Astan-e-Qods Rezavi, one of the wealthiest Bonyads dominated by the IRGC. Raisi through his position as Chief Justice and currently as President has an edge over Mojtaba Khamenei. He also holds the Deputy Chair of the Majlis-e-Khobregan, the body that selects the Supreme Leader. Both individuals do not hold the position of Ayatollah that could impede their selection.

There are discussions about whether one person is suitable for the position. The regime could instead opt for a Leadership Council that would be responsible for major institutional changes in the state. Moreover, it is likely that the scope of Supreme Leader's powers could be amended. It must be noted that any change at the top leadership or institutional level could be potentially destabilizing due to the absence of one center of power. The instability within the apparatus of the regime especially during the Supreme Leader's succession process could fracture the polycratic dispensation due to the absence of any statutory checks on power. It could lead to competition among the multiple centers of power. Therefore, the political transition could be vulnerable to cracks especially due to the domestic unrest. The regime structure has led to consolidation of power in the hands of a small section of people. The economic situation has continued to deteriorate which has been worsened by the US sanctions. Iranians have become vocal about challenging not only the government

but also the legitimacy of the Islamic order. The harsh level of repression indicates the government's frustration.

The protest could strengthen the reformists in Iranian polity. Former President Mohammad Khatami has indicated support for the protest and called for recognizing the wrong aspects of governance and move towards good governance. Hassan Rouhani has criticised the government's handling of the protest. He also questioned Raisi's government economic policies and slow progress in reviving the nuclear deal. Ali Larijani denounced the violence indicating cracks with the conservatives. Larijani is well connected with the Bazaaris. The deteriorating economic situation has affected the commerce and business communities have undertaken demonstrations. There are sections within Basij that are opposed to the violence inflicted on the women protestors. IRGC and Basij leadership are worried about divisions within their ranks that could be detrimental for the regime.

IRGC and Basij controlled economic centers resisted the nuclear deal during Rouhani government. IRGC and Basij were provided with free hand to advance their interests in Iraq, Syria and Yemen, in exchange of accepting the nuclear deal. They both became chief political beneficiaries in spreading Iran's influence. It is likely that if Iran develops a small stockpile, it would allow the nuclear talks to break down with the US. Iran is unwilling to lose its regional influence it has worked on for several years. Therefore, it will take any measure at crushing the protest to preserve regime stability and regional primacy. There is strong possibility that the regime would prevail. However, in case of crisis, it is likely that the government could trigger a crisis to divert attention and blame another state such as Israel, Saudi Arabia, and the UAE which could further destabilize the region.

Major Trends in Global Climate Change and its Potential Implications for India

Prepared by PK Khup Hangzo

The Third Meeting of the Climate Change Expert Group was held at the Vivekananda International Foundation on 16 January 2023 through hybrid mode. The meeting discussed major trends in global climate change and its potential implications for India including climate tipping points, Himalaya glaciers, ocean warming, etc. The meeting was chaired by Dr. Arvind Gupta, Director, VIF and it was attended by Lt. Gen. Ravi Sawhney (Retd.), Senior Fellow, VIF; Dr. J.R. Bhatt, Adviser/Scientist, Ministry of Environment, Forest and Climate Change; Amb. Deepa Wadhwa, Chairperson, India-Japan Friendship Forum; Mr. RR Rashmi, Distinguished Fellow, TERI; Mr. Nambi Appadurai, Director, Climate Resilience Practice, World Resources Institute; Dr. Hishmi Jamil Husain, Head, Biodiversity and Corporate Sustainability, Tata Steel Ltd.; Dr. Uttam Kumar Sinha, Senior Fellow, Manohar Parrikar Institute for Defence Studies and Analyses (MP-IDS); Dr. Garima Maheshwari, Assistant Professor, Vivekananda Law School; Gp Capt Naval Jagota Naval Jagota (Retd), Senior Fellow, VIF; Mr. P.K. Khup Hangzo, Associate Fellow, VIF; and Ms. Heena Samant, Research Assistant, VIF. Following are the outcomes of discussion during the meeting.

Climate tipping points needs to be understood better

Climate change has driven the world to the brink of multiple disastrous tipping points. A tipping point is when a temperature threshold is passed,

leading to unstoppable change in a climate system, even if global warming ends. A recent study that was published in the journal *Science* on 9 September 2022 found evidence for 16 tipping points that could be triggered at global warming of 1.5°C, 2°C, and so on. According to the study, five dangerous tipping points may already have been passed due to the 1.1°C of global warming caused by humanity to date. These include the collapse of Greenland's ice cap, the collapse of a key current in the north Atlantic, and an abrupt melting of carbon-rich permafrost, etc. At 1.5°C of warming, the minimum rise now expected, four of the five tipping points move from being possible to likely. Also, an additional five tipping points become possible at that level of warming, including changes to vast northern forests and the loss of almost all mountain glaciers. Given the fact that global average temperature is likely to exceed 1.5°C in the coming years, there is an urgent need to understand the risk of climate tipping points for India's coral reefs, Himalayan glaciers, the monsoon system, biodiversity, etc.

Ocean warming can no longer be overlooked

The amount of heat accumulating in the ocean is accelerating and penetrating ever deeper. More than 90 per cent of the excess heat trapped by greenhouse gas emissions is absorbed in the oceans. On average, the energy equivalent to around 3.5 Hiroshima atomic bombs are released into the ocean every second over the period 1971-2018. The extra heat is accelerating sea level rise, intensifying extreme rain events, melting ice, adding energy to cyclones and changing where they form, and causing more intense marine heat-waves. Marine habitats including coral reefs were also being threatened. Even under the most ambitious scenarios for action on greenhouse gas emissions, ocean's warming will at least double from current levels by the end of the century. Despite this, ocean warming is often overlooked in favour of warming on the land surface. It is therefore imperative that India pay close attention to ocean warming, the Indian Ocean in particular.

Himalayan glaciers deserve greater attention

The Himalayas is one of the world's most sensitive hotspots to climate change, with impacts manifesting at a particularly rapid rate. The prospect of the mountain range's glaciers melting away is of particular concern. That will have devastating consequences for food security, water security, and energy security not only for India but for other countries in South Asia too. The number of glaciers in the Indian Himalayan region was estimated at 34,919 and they spread over 75,779 square kilometers. Of this, 87 per cent are status quo, 12 per cent are retreating, and one per cent is advancing. As the global average temperature continues to rise, there is a high likelihood of the Himalayas losing a significant portion of its glaciers in the coming years. Thus, there is an urgent need to better understand the impact of climate change on the Himalayan glaciers.

Protect mangrove forests

Coastal ecosystems such as mangroves, coral reefs, and sea-grass beds are critical for adaptation. These ecosystems all sequester and store more carbon per unit area than forests. Besides, mangroves not only support fisheries and biodiversity, but they also strengthen the ability of coastal communities to withstand the impacts of climate change. New research in Bangladesh estimated that, in a powerful cyclone, mangroves would reduce the rise in seawater levels between four and 16.5 centimeters and bring down water inflow speed to 29 per cent to 92 per cent. Communities therefore can really benefit from the protection of mangroves. Despite this, India has seen a reduction in its mangrove forests. For example, Kerala has at one point 8,000 kilometers of mangroves but that has now declined to just 2 kilometers. The largest concentration of mangroves is in the Sundarbans. It is imperative that India protect its mangrove forests as they are best natural defence against the impact of climate change including sea level rise, tropical cyclones, storm surges, etc.

Foster sub-regional cooperation on climate change

As climate change is one of the greatest environmental challenges faced by South Asia today, a coordinated response by countries of the region is essential. Countries in South Asia however have so far failed to harness the potential of pre-existing attempts to foster regional cooperation. Frameworks such as the South Asian Association for Regional Cooperation (SAARC) have failed to deliver on the climate front. The Kathmandu-based International Centre for Integrated Mountain Development (ICIMOD) representing eight Himalayan countries - Afghanistan, Bangladesh, Bhutan, China, India, Myanmar, Nepal, and Pakistan - is the only inter-governmental organization that caters to South Asia as a whole. ICIMOD however is a highly technical and knowledge-oriented institution. As such, there is a need for policy and action-oriented institution capable of fostering coordinated regional responses. India should therefore explore the possibility of establishing such an institution. Also, India should strive to kick start coordinated responses to climate change through sub-regional groupings or initiatives like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the Bangladesh, Bhutan, India, Nepal (BBIN). The focus of such coordinated responses could be on issues of common interests such as the Himalayan glaciers, Transboundary Rivers, sea level rise in the Bay of Bengal, protection of mangroves in the Sundarbans, disaster preparedness, etc. Most importantly, these issues can become the driving force behind India's engagement with countries of the region.

Strengthen domestic climate action

India should continue to strengthen its climate action at the national and sub-national levels. The country has already declared its commitment to pursue an environment-friendly lifestyle through the Lifestyle for Environment (LiFE) mission. The mission, first announced in 2021, aims to instill a healthy and sustainable way of living among Indians based on

traditions and values of conservation and moderation. India should now mainstream this idea across all sections of its society. Beyond this, India should continue to act on its climate action plan and special emphasis should be given to water and increasing green cover in the country. India's corporate sector also has a role to play in helping India realize its climate commitments. There is now a growing requirement worldwide for businesses to comply with Environmental, Social and Governance (ESG) standards. ESG is a set of standards that measures a business's impact on society, the environment, and how transparent and accountable it is. Investors have increasingly taken ESG factors into account when investing in a company. It is therefore imperative that Indian companies mainstream ESG practices into their business strategies so that they can become more competitive and sustainable while contributing to India's climate efforts.

Insists upon technology transfers vehemently

Transfer of technologies from developed countries to developing countries plays a critical role in mitigating greenhouse gas emissions and adapting the impacts of climate change. Such technologies may include equipment, technique, knowledge, or skill that is used to reduce greenhouse emissions or to adapt to the adverse effects of climate change. Although the United Nations Framework Convention on Climate Change's (UNFCCC) calls upon developed countries to promote, facilitate, and finance the transfer of, or access to, environmentally sound technologies and know-how to developing countries, it has yet to materialise in a meaningful way. For example, India has not yet received any meaningful technologies so far. Acquiring low-cost climate technologies is a matter of critical importance for India and the country should demand their transfers from developed countries vehemently.

Promote intra-regional energy cooperation in South Asia

India should take the lead in promoting intra-regional energy cooperation in South Asia. There is a wide variation in commercial energy resource

endowments and commercial energy demand among countries in South Asian. Whereas India has substantial renewable energy potential, Sri Lanka has a serious energy problem and is highly dependent on fossil fuels. Nepal too has substantial renewable energy potential. Bangladesh on the other hand is highly dependent on natural gas, but its reserve could deplete in the coming years. With a growing energy demand and increasing emphasis on sustainable energy, enhanced regional cooperation is critical to boost energy security and overall climate-resilience in South Asia. Towards this end, India should push for unified power grid connectivity in South Asia. That could lower energy costs, improve reliability, and reduce carbon emissions at lower-cost, while increasing the share of and synergies among clean energy resources.

Institute strong climate change policy research

There is a dearth of strong climate change policy research in India, especially those that critically analyses the climate policies of other countries, developed ones in particular. India did host the Climate Equity Monitor (CEM) website that is dedicated to comparing the policies and actions of Annex 1 or developed countries and Non-Annex 1 or developing countries from the perspective of equity and Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC), a principle within the UNFCCC that acknowledges the different capabilities and differing responsibilities of individual countries in addressing climate change. But there is still a long way to go. There is a dire need for strong policy research that not only critically analyses the policies of developed countries but also inform policy makers, public institutions, researchers, academics, students, and the general public on the often contentious politics of climate change.

Focus on adaptation even more than mitigation

Even more than mitigation, India should give greater emphasis to adaptation. This is because the country is already impacted by climate

change. For example, the frequency and intensity of climate change-induced heat-waves, floods, drought, cyclone, etc. have increased in the country. Reducing emissions and stabilizing the levels of heat-trapping greenhouse gases in the atmosphere on the other hand is a long-term process and it will fully materialize only in the next two to three decades. In other words, the clean energy transition will fully kick off only by the middle of this century. Adaptation therefore is an immediate requirement for India and the country should pay its full attention to it. The participation of local communities is essential for India's adaptation plans to succeed. This is because local communities live in close proximity to the problems and they possessed better understanding about it. Also, India's National Action Plan on Climate Change (NAPCC) as well as State Action Plan on Climate Change (SAPCC) should be brought down to the district level or they may not make much of a difference.

Singapore's Approach to the Indo-Pacific

Prepared by Sweta Kumari

Singapore is a model of economic growth in the Indo-Pacific region. Its policies and diplomacy have been successful in managing the rivalries between the major powers. India and Singapore share a long-term strong relationship which is based on trust. In the backdrop of the rise and assertiveness of China in the region, the emergence of the Indo-Pacific as a new construct of geopolitics and the rise of new groupings, such as the Quad and AUKUS, the Vivekananda International Foundation (VIF) organised a talk by the High Commissioner of Singapore to India H.E. Simon Wong Wie Kuen on "Singapore's Approach to the Indo-Pacific" on January 16, 2023. Dr. Arvind Gupta, Director, VIF, chaired the session and made welcome remarks. Amb. Anil Wadhwa, Lt. Gen. R. K. Sawhney (Retd), Brig Vinod Anand (Retd), Gp Capt. Naval Jagota (Retd), Mr. Kanav Monga, Dr. Udai Bhanu Singh, Prof. Pankaj Jha, Dr. Harinder Sekhon and scholars from the strategic community were part of the deliberation. The talk was followed by a Q&A session based on various issues of geopolitical importance. The following are the salient points of the discussion.

Global Challenges

There are chances of prolonged stagflation or subdued economic growth in the near future. The fluctuation of the US dollar in the global market is a matter of concern.

It was for the first time in more than 20 years during the COVID that

Singapore saw a negative growth of -1%. It is a matter of concern for the country and its relations with the world.

The Russia- Ukraine conflict is expected to be prolonged which will have a global impact. The militarisation in the South China Sea and the Taiwan Strait has been intensifying in the Indo-Pacific region.

Bright Spots

India has emerged as a “bright spot” in the midst of global challenges. It is being seen by many countries as the potential engine of growth for the rest of the world.

Southeast Asia’s annual growth is projected to be between 5 to 7% with Indonesia, the Philippines and Vietnam leading the charge.

The reopening of China after COVID restrictions is being observed as a positive development for the global economy.

Singapore’s Asia-Pacific Policy since the 1990s

Singapore prefers to see itself in the role of an “honest broker” between two large groupings– the East and the West. In the early 90s, when there was a disruption in WTO, Singapore pushed for Free Trade Agreements. These policies have enabled Singapore to have a seven-fold increase in its per capita income in a span of 30 years. Currently, Singapore has an FTA with 27 countries and regions. 87% of the trade in Singapore is tariff-free giving an edge to the country for investments.

Singapore’s Perspective of ASEAN

The founders of ASEAN chose to translate the hostilities into dialogue and cooperation. ASEAN’s approach is to slow down a conflict and create room for dialogues and discussions among ASEAN countries and also the major powers.

Singapore is an advocate of ASEAN centrality in the region. A potential fragmentation either on political or economic lines is concerning for the region. Hence, Singapore tries to bring the major partners to the table for negotiations so that the economic pie gets bigger for all.

India- Singapore- ASEAN

Singapore has been a champion of India's collaboration with ASEAN since the beginning. There are some areas in which India has a niche over other ASEAN dialogue partners.

Green Energy: There is a high demand for energy in Southeast Asian countries. As its commitment to COP27, Singapore needs to have 20% of its energy supplies from green energy sources. India has the potential to be the largest exporter of green energy to ASEAN countries, particularly.

Fintech Related Resources: India's Unified Payments Interface (UPI) is one of its greatest inventions. It has the ability to link India and ASEAN. It will drastically reduce the transaction charge for foreign currency exchange. Skilled and semi-skilled labourers working in foreign countries in India, Singapore and across the world can benefit from this.

Since the 1990s Singapore's leadership has viewed India as a good model and a balance in the region. Singapore supports permanent membership for India, Japan, Germany and Brazil in the UN Security Council. Apart from this, issues such as Quad, US strategy in the region, internationalisation of the Rupee, India- Singapore military ties, space cooperation and people-to-people connection were also part of the deliberation.

Pakistan in Peril – Internal Turmoil and Implications

Prepared by Aarushi Gupta

The Pakistan Study Group (PSG) meeting was held in hybrid mode on 23 January 2023. The main items on the agenda were developments on the Afghanistan-Pakistan border, Pakistan's economic situation, Pakistan's political developments, and Indo-Pak relations with reference to the statements given by the Pakistani leadership. The Meeting was attended by the following: Dr Arvind Gupta, Ms Shalini Chawla, Shri Rana Banerjee, Shri CD Sahay, Shri Sushant Sareen, Lt Gen Syed Ata Hasnain (Retd), Brig Rahul Bhonsle (Retd), Amb DB Venkatesh Varma, Amb PS Raghavan, Shri Tilak Devasher, and Gp Capt Naval Jagota (Retd).

Afghanistan-Pakistan relations

Pakistan is facing a grim security situation. There have been over a hundred attacks in the last two months in Pakistan, and majority of them have been carried out by the Tehrik-e Taliban Pakistan (TTP). When the Taliban took over Afghanistan in 2021, Pakistan was ecstatic about the development. Pakistan believed that the Taliban would essentially keep India out of Afghanistan, recognise the Durand Line as the international border, suppress the nationalistic aspirations of Pashtuns, and neutralise the threat of TTP. However, none of the objectives were met, and the security of Pakistan was severely compromised. India has restarted its infrastructure projects, the Durand Line remains unrecognized, and the Taliban has refused to act against the TTP.

Taliban facilitated talks between TTP and Pakistan at latter's behest, which broke down. Since then, TTP has carried out several attacks in different parts of Pakistan, presenting a significant security challenge for the country. Pakistan did not factor in the deep links between the TTP and Afghan Taliban that go back to the US intervention in Afghanistan in 2001. TTP's long-term goal was to establish an Islamic regime in Pakistan based on Sharia. However, recently TTP has shifted to more nationalistic agenda like the demerging of Federally Administered Tribal Areas (FATA) and Khyber Pakhtunkhwa (KPK), talking about the independence of the tribal districts and generally portraying itself as a Pashtun nationalist group. These developments might turn into a separatist movement of the Pashtuns. This rhetoric is consistent with the Afghan Taliban's position of not recognising the Durand Line as an international border. The issue of a section of the Baloch freedom fighters aligning with the TTP is of another concern to Pakistan. Pakistan's policy of appeasement has had a crucial role in the resurgence of the TTP and must bear responsibility for it.

Pakistan's policy on Afghanistan and counter-terrorism has failed, as evident from the resurgence and instability on both fronts. The Afghan Taliban and the TTP have rattled Pakistan and are testing its resolve to protect its territorial integrity and fight this wave of terrorism. Pakistan's national interest is in not to have a strong and inclusive government in Kabul, which could challenge the validity of the Durand Line. However, a weak government would allow for ungoverned spaces where international and regional terror groups will incubate and multiply, unsettling the entire region.

So far, there does not seem to be a comprehensive strategy to deal with the threat, except contemplating kinetic action against the TTP inside Afghanistan. However, this is not a long-term solution. The situation in Pakistan is too volatile to conduct a military operation. However, Pakistan might use the security threat as leverage to eventually fetch US assistance. Pakistan is set to see more security problems in the coming months.

Pakistan Economy

Pakistan's economy is facing an inevitable meltdown, and is on the verge of defaulting on its debt repayment obligations. Pakistan's forex reserves dipped to USD 4.3 billion after repaying USD 1 billion to two commercial banks in the Gulf. Pakistan has to make debt repayments of USD 8.3 billion in this quarter. Pakistan has secured over USD 10.7 billion at the donor conference in Geneva as flood relief pledges. However, 90 per cent of these projected loans will be rolled out in three years and will not solve the immediate economic crisis that is of debt repayment. The remittances have also hit a 31-month low of USD 2 billion in December 2022. Pakistan is awaiting the results of the ninth review of Pakistan's USD 7 billion Extended Fund Facility (EFF) of the International Monetary Fund (IMF), which has been stalled since last October. The negotiations on the country's economic and fiscal policies and reforms are ongoing. World Bank has also delayed the approval of two loans of USD 1.1 billion which came as a major jolt to the government. The US is extending only verbal support and not materialising into action.

Saudi Fund for Development is expected to assess the plan for enhanced investment of USD 10 billion in Pakistan. It is also considering increasing the deposit to USD 5 billion and USD 3 billion in Pakistan's central bank. China is committed to injecting USD 9 billion into Pakistan's economy. These will happen only after an agreement with the IMF. However, these loans will only increase Pakistan's outstanding external loans and debt repayment obligation.

Pakistan's economy is in a death spiral because of the lack of security stability and the perpetual political instability. In the current situation, international pressure must be exerted to acquire five Rs, to stabilise the current situation in Pakistan. One is restructuring their economy. Two, they reform their society and politics and give up indoctrination and radicalism. Three, they renounce terror and clean up the nests of terror. Four, they

reduce their nuclear capability and their nuclear arsenal. Fifth, their debt is rescheduled. Rescheduling of the debt is inevitable as they will likely default on their debt repayment obligations.

Pakistan Politics

Pakistan is also witnessing political turmoil with the dissolution of the Punjab and KPK provincial assemblies in a bid by Imran Khan to push for early national elections. With the assemblies dissolved in Punjab and KPK, caretaker governments have been set up in these provinces till the elections, which are to be conducted within 90 days. Pakistan usually has simultaneous federal and provincial elections. However, the Constitution allows for separate polls. The general elections are expected to be conducted at the scheduled time in October this year. Nawaz Sharif will most likely return this year to Pakistan and hold public meetings across the Punjab province. Elections in Punjab and KPK, which constitute over 70% of the seats, will keep the politics unstable until new governments are formed.

Pakistan has provisions for an emergency. However, it has no constitutional provisions for a financial emergency. The caretaker governments of Azim Khan in KPK and Syed Mohsin Raza Naqvi in Punjab have been controversial owing to their tie with the Pakistan military establishment.

On the other hand, Imran Khan has been trying to message the Army leadership by using President Arif Alvi as the mouthpiece and expects an apology for the treatment given to him, Shahbaz Gill and Azam Swati. The senior generals and corps commanders of the Pakistan Army are sceptical of having Imran Khan on top. At the same time, he continues to garner support from a section of the senior echelon in the Pakistani Army.

Karachi also held its third local body elections in January. The Pakistan People's Party (PPP) was the biggest winner with 93 seats; the Jamaat-i-Islami (JI) was a close second with 86 seats while Pakistan Tehreek-

e-Insaf (PTI) was a distant third with 40 seats, followed by the Pakistan Muslim League (N) (PML-N) with seven seats. The army has certainly reduced Imran Khan's clout, as evident from the PTI seats, which will directly impact the general election results.

Indo-Pak Relations

There have been statements given by Prime Minister Shehbaz Sharif, Pakistan PMO and Minister of State for Foreign Affairs Hina Rabbani Khar in favour as well as against initiating talks with India. PM Shehbaz Sharif said Pakistan has learned its lesson after several wars with India and called for 'serious talks' with PM Narendra Modi on Kashmir. Pakistan's PMO later backtracked with a clarification "the prime minister has repeatedly stated on record that talks can only take place after India has reversed its illegal action of August 5, 2019. Without India's revocation of this step, negotiations are not possible." Soon after, Hina Rabbani Khar said that Pakistan does not see a "partner" in PM Modi to work towards peace between India and Pakistan.

The expert group was divided in their interpretation of the extent of the internal struggle within Pakistan affecting its stance on India. One view put across was that there is a clear realisation within Pakistani society of having better relations with India. However, the statements come at a time when the leaders might attempt to project rationality, trying to appease the international community and seek some leverage, to help stabilise the economy. Another view was that the peace talks cannot come with pre-conditions of reversal of reforms in Kashmir, as it is non-negotiable.

Another diverging view presented Pakistan's move as an aspirational attempt to which India must not respond. It was also of the opinion that to deflect from the deteriorating economic situation, the Pakistan military could resort to some action against India to escalate the situation to get the divided nation behind the military establishment again. They can start a minor skirmish and then use the UK and the US to pressure India to back

off. However, it was agreed upon that Pakistan does not have the resources to get away with such a situation on an empty treasury.

Indo-Italian Relations: Future Directions and the European response to the war in Ukraine

Prepared by Prerna Gandhi

The Vivekananda International Foundation organized an interaction with H.E. Mr. Vincenzo de Luca, Ambassador of Italy to India on 25 January 2023. After Opening Remarks by Dr Arvind Gupta, Director VIF, Mr. Vincenzo de Luca spoke on “Indo-Italian Relations: Future Directions and the European response to the war in Ukraine”. The meeting was attended by Ambassador Kanwal Sibal, Ambassador Anil Wadhwa, Ambassador Venkatesh Varma, Ambassador Anil Trigunayat, Brig Vinod Anand (retd), Prof. Sujit Dutta and other VIF scholars. The meeting discussed a range of issues from bilateral to regional and global affairs.

Some of the salient points made were:

Momentum in India-Italy Ties

After bilateral tensions following the Italian marine issue in 2012, the case saw resolution towards the end of the decade. This corresponded with new momentum in bilateral relations between India and Italy. Prime Minister Modi and Prime Minister Conte co-chaired a Virtual Summit between India and Italy on 06 November 2020. The two Prime Ministers held extensive talks on bilateral, regional, and global issues. A 2020–2025 Action Plan was adopted that set an ambitious agenda for an enhanced Partnership between the countries. A total of 15 MoUs covering areas like energy, media, finance, ship building were signed. This coincided with a period of enhanced strategic relations between the EU and India with the “EU – India Strategic Partnership: A roadmap to 2025” being adopted in

July earlier that year. In 2021, Prime Minister Modi paid his first official visit to Italy to attend the G20 Summit and held a summit on the sidelines with Prime Minister Draghi. A number of issues flagged during the Italian G20 Presidency on Climate Change, Global Health and Inclusive Finance etc. are now seeing continuity during the Indian G20 Presidency in 2023. The two prime ministers again met at the margins of the G20 Summit in Bali, Indonesia in 2022. Italy is India's 4th largest trading partner in EU, after Germany, Belgium, and the Netherlands. India ranks 15th as country of origin for Italian imports; accounting for 1.5% of Italian imports.

New Areas of Cooperation

With the growing importance of the Indo-Pacific region, the EU Indo-Pacific Strategy was released in 2021. Even though the US is the preeminent provider of security, Europe plays a paramount role in diversification of global trade, by promoting fair and inclusive trade, addressing imbalances in trade and investment etc. The EU-India FTA brings in advanced clauses, but it will add to the competitiveness and innovativeness of the Indian economy. Italy is a member of the International Solar Alliance founded by India. A Joint Statement announcing a Strategic Partnership on Energy Transition between India and Italy was issued in 2021. There is great potential to cooperate on- digitalization of grids, green hydrogen, renewables, energy storage etc. Connectivity is another priority with focus going beyond just physical connectivity. A mega digital cable project connecting Italy to Mumbai is currently underway and is landmark as all financing has been raised from capital markets with no public funding. The Indian Chief of Army Staff, General M.M. Naravane visited Italy from 7-9 July 2021. The visit of the COAS took place after 14 years and at the Service Chief Level the interaction occurred after more than a decade. Maritime Security is an important area of collaboration with new naval exercises. The T-RMN initiative facilitates information exchange between India and Italy on the movement of commercial traffic on the high seas with the information being made available primarily through the AIS.

Russia-Ukraine War

The impact of the Russia-Ukraine War goes beyond Europe and has had global implications in terms of high energy prices, food prices, inflation etc. Along with humanitarian concerns, the war has already cost the global economy trillions of dollars in a year. But there is no clarity as to when or how it will end. On question of China, it is unlikely there will be large-scale decoupling beyond strategic sectors. Like all of Europe, Italy has had to diversify its energy imports and has found successful alternatives to Russia in Algeria, Azerbaijan, Qatar etc. There is requirement to discuss with India on Global South. EU also needs to expand engagement with Africa.

Internal Political Dynamics in the US: Implications on India and the World

Prepared by Sweta Kumari

*The midterm elections in the United States set the motion for the Presidential election and project the strength of the existing administration. The elections have resulted in changes in Congress and altered the legislative course on some of the important internal and international issues. To analyse the developments after the midterm elections, the Vivekananda International Foundation (VIF) organised a talk by Prof K. P. Vijayalakshmi on “**Internal Political Dynamics in the US: Implications on India and the World**” on 27 January 2023. Dr. Arvind Gupta, Director, VIF chaired the session and made welcome remarks. The discussion was attended by distinguished participants including Amb. Ashok Kantha, Amb. P.S. Raghavan, Lt. Gen. Anil Ahuja (Retd), Mr. Hari Babu Srivastava, Mr. P.K. Sahoo and Gp. Capt. Naval Jagota (Retd). The talk was followed by a discussion and Q&A session.*

Introduction

In the 2022 midterm elections, the Republicans gained a narrow majority in the House of Representatives while the Democrats secured control of the Senate leaving a divided Congress for the next two years. The talk highlighted three trends that have followed the elections and the implications of these trends on various domestic and foreign policy issues were deliberated during the talk. The discussion included various aspects of India-US relations for the next two years.

Trends Post-Midterm Elections

The results have shown President Joseph Biden and the Democratic Party in a good light. The midterm elections in general are known for putting the existing administration in a disadvantageous position. However, this one was an exception. The red wave that was expected to get results in favour of Republicans did not happen. Many of the Donald Trump-backed candidates lost especially in battleground states such as Pennsylvania and Arizona.

The new Speaker Kevin McCarthy is not in a position of strength given the concessions made with the House Freedom Caucus (HFC) to secure the necessary votes to be elected as the leader of the House of Representatives. The HFC is a far-right group of Republicans which occupies 53 out of 435 seats in the House and holds views on many issues which differ from that of McCarthy and a majority of Republicans. The leadership in the Republican Party seems to be uncertain while the Democrats appear more united in both House and the Senate.

There will be a divided Congress for the next two years which would result in a number of legislative compromises being made by both parties. The legislation proposed after the midterm elections helps the candidates in their campaigning for the Presidential election. The legislative yield to the next year's campaign seems to be compromised as a result of a divided Congress. Legislative enforcement takes place in the states by the governors which helps them to contest the Presidential election. Presently, 26 states have Republican governors while rest is the Democrats. The number of Democrat governors increased by 3 seats in the midterm elections putting the party in an advantageous position. This is an anti-cyclical trend as generally, the party in power is able to secure a lesser number of governor's seats in the states.

Presidential Election 2024

The midterm elections have set the cycle for the 2024 Presidential race. Analysts are seeing President Biden as the frontrunner for the Democratic Party. His State of the Union address on 7th February is awaited which would give some clarity. The Democratic National Committee (DNC) has begun the fundraising. The candidature of Kamala Harris is yet to be seen.

Although Trump declared his candidature in November, there are a lot of speculations among Republicans including those who were handpicked by Trump in 2016. Some of the fringe groups supporting Trump have been facing charges of sedition and conspiracy. A lot of turbulence is happening within the Republican Party. The increasing popularity of Governor Ronald Dion De Santis of Florida may lead to tough contestation between him and Donald Trump in the primaries.

The investigations of Hunter Biden's laptop issue and the classified government documents found at President Biden's residence would be used by the Republicans against his candidature. Similarly, the investigation on Trump on January 6 Capitol riots and other tax-related issues would adversely affect his candidature.

Pertinent Domestic Issues

Gun control and firearms ownership, reproductive rights, police reforms, social security and healthcare, immigration and drug enforcement are some of the contentious domestic issues. The culture wars taking place within American society are going to have socio-economic implications. Issues such as education about LGBTQ and parents' rights and the future of democracy within America are going to be crucial in the Presidential election.

Border security is another issue. The supporters of Making America Great Again (MAGA) have been pushing for sealed borders.

Federal budget and taxation are divisive issues in Congress. The economy and inflation are important issues during the elections. Reducing inflation will be an area of contention in the next two years since it is one of the key issues advocated by MAGA.

Debt ceiling on government borrowings is a major issue as the Biden administration has already reached the threshold of 31.4 Trillion USD. There have been demands for tax cuts from the Republicans. They have been pushing for minimum government, a balanced budget and strong defence whereas the Democrats promote welfare, social security, healthcare and infrastructure development through their Build Back Better programme. The Republicans want an investigation into the mishandling of COVID-19 funds that have contributed to the breach of the debt ceiling. This issue could have repercussions on the US economy as well as the global financial markets.

Implications and Trends in Foreign Policy Issues

In terms of foreign policy, disinformation and US-China relations were the top issues among the average Americans. However, terrorism, immigration and drug trafficking have become priority concerns of American citizens in recent times. This corresponds with the issues that are raised by the Republicans. For the Democrats, the key issues are climate change, the global pandemic and terrorism.

Upholding Democracy - For Republicans, upholding democracy across the world ranks very low as an issue of concern in comparison to the Biden administration. The Democrats are skewed towards multilateralism and strengthening ties with allies and partners while the Republicans are concerned more with domestic issues and the erosion of American autonomy and power. They have been pushing for ideas such as ‘America First’. Americans are inclined towards such ideas.

Military and Trade Disputes- Public opinion is not favourable for

overseas troops' deployment. Americans want the resolution of military disputes. However, they are more interested in the resolution of economic disputes in terms of trade and tariffs. Republicans are raising concerns about spending American money on overseas deployment and aid that is causing inflation and other problems at home.

Russia- Ukraine Conflict- Republicans are not supportive of aid to Ukraine, however, the aid has continued. According to Reuters, the US has so far given 100 billion USD as an aid to the country. Kevin McCarthy in October 2022 stated that there is no “blank cheque”. The Republicans have been demanding a cut in the amount of aid. However, after the elections, they seem to be in a compromised situation. Hence, the defence spending for Ukraine is likely to continue without any cuts. In terms of taking punitive actions against Russia, McCarthy has argued that Putin has lived with sanctions for a long time. There is a need for a deterrence policy against him.

With regard to the humanitarian impact of the Ukraine conflict, the Republicans want the UN Human Rights Commission to play a bigger role.

Nuclear Issue- In the midst of tensions caused by the conflict in Ukraine, the talks on the START Treaty between the US and Russia have been delayed.

Domestically, the US has approved the small- modular nuclear reactors with next-generation nuclear technology. This will include carbon-free energy production and is expected to start by 2030. This technology once picked up could establish American leadership in nuclear energy. It has been endorsed by the Democrats and is likely to be supported by the Republicans.

In the **Korean peninsula**, North Korea has intensified its missile programme. There are chances that South Korea might also develop

nuclear capabilities. Kevin McCarthy has criticised Democrats for their strategic patience towards Kim Jong-Un which has escalated the tension in the region and increased the risks of attacks in mainland America. He has been pushing for the containment of the North Korean regime.

In dealing with **Iran**, the Republicans would want to put maximum pressure on Tehran. For them, JCPOA is one of the worst deals made by the US. They are expected to oppose the deal further.

US-China Relations- In terms of **China**, there is a pan- American perception of the country as a threat. In government documents such as the National Security Strategy, there are concerns over China overtaking the US and changing the world order entirely. However, with China's slower economic growth, shrinking population and low productivity, there are emerging doubts about China's emergence as a super power. A wide-ranging ban on semiconductors from China and the CHIPS and the Science Act by the US will have ripple effects in the next two years. In the House, a bipartisan committee called the New Select Committee has been formed with 9 Republican and 7 Democrat members of the House under the chairmanship of Mike Gallagher of Wisconsin that will look after the multifaceted challenges posed by China.

The Russia-China collusion on the Arctic and space is also a matter of concern. There is a view that Russia, China and North Korea have benefited from technology theft, election interference and ballistic missile development.

Other Issues- Republicans are going to push for an investigation of the withdrawal of American forces from Afghanistan in 2021. Cyber security, global health, disinformation, climate change, clean energy, and global health are some of the pertinent issues in the foreign policy of the US.

India-US Relations

There is a bipartisan consensus between Republicans and Democrats about

deepening and broadening ties with India.

Defence- Given the recent geopolitical developments, India-US defence relations are expected to be robust. A number of agreements and industrial annexes have been finalised and defence corridors are being discussed. However, the Defence Trade and Technology Initiative (DTTI) needs to be taken to another level. India needs to balance between Atmanirbharta and defence cooperation with the US. Atmanirbharta is an evolutionary process that would require India to get down to manufacturing and managing technology. Acquiring technology also comes with a certain amount of acquisitions. Hence, India needs to come out from the policy ambiguity regarding its path to Atmanirbharta and utilisation of defence cooperation with the US. There is a need for the integration of existing and upcoming critical and emerging technologies between India, the US and other defence partners such as Australia and Japan. There need for a policy impetus in bringing cyber and AI into applications and converting them into military force which is very different from academic research. India and the US need to have a strategy of ‘Defence Planning and Preparedness’.

Cultural Differences- There are cultural differences between India and the US. India has been facing difficulties in defending its ideas and its own way of democracy. However, it won't have much impact on the relations.

Bilateral Trade- Trade is a very big issue in India-US relations. Since India is presiding over G20 this year, it is going to have a positive impact on bilateral relations. This year would be crucial for enhancing trade relations. There are risks but the time is opportune to elevate trade relations. The India-Israel-UAE-US or the I2U2 group is a new development in Indo-US relations with great economic potential. At the same time, India also needs to find alternative payment systems for its global trade given the uncertain future of the dollar.

Conclusion

In conclusion, the next two years are politically going to be very intense in the United States. The Presidential race is going to start and legislative compromises on core domestic and international issues are to be witnessed in a divided Congress.

Outlook for China Post Zero-COVID Policy Reversal

Prepared by Sweta Kumari

Vivekananda International Foundation's (VIF) China expert group organised a hybrid discussion on "Outlook for China in the aftermath of the reversal of the Zero-COVID Policy ", on 30 January 2023. Amb. Ashok K Kantha moderated the discussion, attended by Dr Arvind Gupta, director VIF, Amb PS Raghavan, Amb Satish Chandra, Air Mrshl Rajesh Kumar (Retd), Lt Gen SL Narasimhan (Retd), Lt Gen Rakesh Sharma (Retd), Shri Manoj Kewalramani, Cmde Gopal Suri, Lt Gen Anil Ahuja (Retd), Dr Sanjeev Kumar, DRDO Representative and Gp Capt Naval Jagota (Retd). Amb Ashok Kantha and Shri Manoj Kewalramani presented their views.

Overview

Some significant changes have occurred in China over the last two months regarding the Zero-COVID Policy and the 20th Party Congress. In this context, it is essential to know why China exited the Zero-COVID policy and its implications. The discussion in the group was focused around how the Chinese were going to extricate themselves out of the COVID crisis in the domestic sphere and what is the political and economic impact after the exit from the Zero-COVID policy and outlook for 2023?

There are many legacy issues in China in the economic sphere, some of which are debt overhang as well as over reliance on the property sector that China will need to pursue to provide investment and consumption boost and arrest declining productivity.

In the foreign policy domain, Xi has made efforts to engage with the US and Europe; however there are structural problems in these relationships that have been aggravated in the wake of the Russia-Ukraine conflict. Though there might be a few tactical adjustments in these relationships, the strategic competition between China and the US will be continue unabated. On the other hand, India and China relations would continue along the lines post the Galwan episode and hence it is likely that the relationship would be more of the same as there is no change on the Chinese side's strategic interests to address the boundary question.

Political and Economic outcomes of the Zero-Covid policy

In the run up to the change in the Zero Covid policy in early December 2022, Xi Jinping did not indicate any dramatic course correction in the policy. In fact the state council had also issued 20 optimization measures indicating some relaxation, but not necessarily abandoning of the ongoing Covid policy. In December 2022, many students and labourers came onto the streets street to protest against the Zero-Covid policy and, these demonstrations were predominantly linked to the economic effects of the Covid policy, which was not a surprise.

There was also a disparity between the local provincial governments and the central authority with regard to testing, reporting and expenditure on implementing the policy. At one stage, the provincial government also stopped counting cases and disregarding its accountability. Omicron is another puzzle to the WHO China office as it created confusion in the testing process. However, the Chinese government was neither ready to let it go, nor the proper arrangements were made to deal with the situation. Amid such a crisis, local governments were moving towards free mass testing that cost around 1.8% to 2% of GDP. All of this was coming out of local government expenditure that burdened the economic system of the provincial governments, as the cost they were asked to bear was unsustainable.

It was assessed that China is optimistic about economic development even though at present it is struggling to recover from economic losses during COVID. Despite the structural challenges, it has increased trade and trying to attract investment. Policies like easing of economic and fiscal policies to stimulate growth are being attempted in an atmosphere of erosion of predictability and reliability of the China government. However, the immediate Chinese concerns focuses on COVID, employment, food, and energy security.

Protests did take place however the response to these protests was not wide spread because there was minimal transmission of these ideas country wide. It was also a sign of relief for Xi Jinping on the localisation of these protests. Another analysis was the removal of the old Covid policy was seen by the Chinese government as agile and thus responding to the demands of the people but for some China watchers as arbitrary and not thought through.

Foreign Policy

On foreign policy issues there is no single definition of China's foreign Policy; it's rather reactive to specific events and resource driven. Regarding the UNSC, China does not want to restructure its policy. Instead, it is focusing on domestic issues and other aspects such as trade and technology; therefore, no significant structural changes are expected to happen in the near future in the international domain. There are structural challenges between the US and China as both are dominant in a few areas, such as technology. Therefore, again no significant structural changes are going to happen. In short, there might be space for dialogue between the US and China, but structural impediments exist. China is shaking the world order and challenging western hegemony. However, the panellists view was that the world is not divided into two camps, there are other actors and areas as well. With regard to Europe, China would like to deepen the relationship through a clear division between the US and European countries in their

economic and technological preferences whereas, in the case of India, no substantial changes will occur in the foreign policy sphere.

Take aways

The discussants hoped that the Chinese government has not underplayed people's concerns related to livelihood after the crisis. Policy volatility, elevated uncertainty and arbitrary decisions as these are massive challenges, given the unprecedented reality and it is assessed that China will pursue a pragmatic approach towards the global economy to rely on exports and investments and better consumption as the source of growth. Despite the boiling unease across the country and beyond, policy makers are in search of re-aligning their socio-economic structure. Nevertheless, some areas where the Chinese government can reorient themselves is through calibration on BRI and external investments.

A second take away by the group was on "Challenging" the present narrative of the Chinese government on its Covid policy to its captive audience by a counter narrative of highlighting the unpredictability and the lack of preparedness of the Chinese government which resulted in deaths and other problems rather than contesting the legitimacy of the Chinese government, this approach would have a better effect.

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,

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

Follow us on [twitter@vifindia](https://twitter.com/vifindia)