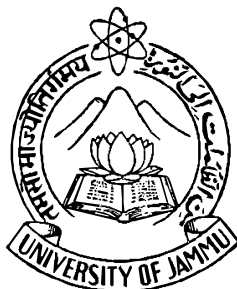


Directorate of Distance Education

**UNIVERSITY OF JAMMU
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STUDY MATERIAL

M.A.

POLITICAL SCIENCE

SEMESTER IV

COURSE NO. POL - 402

**INDIA'S NEIGHBOURHOOD, EXTENDED
NEIGHBOURHOOD AND NEAR ABROAD**

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INDIA'S NEIGHBOURHOOD, EXTENDED NEIGHBOURHOOD AND NEAR ABROAD

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M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – I: INDIA, SOUTH ASIA AND CHINA

1.1 INDIA'S NEIGHBOURHOOD POLICY: CONTINUITY AND CHANGE

- Baljit Singh

STRUCTURE

- 1.1.0 Objectives**
- 1.1.1 Introduction**
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1.1.0 OBJECTIVES

In this lesson you will study the continuity and change in India's neighbourhood policy in an historical perspective. After going through this lesson, you will be able to know:

- the legacy of British Raj in the evolution of India's neighbourhood policy;
- the influence of some of the important leaders, particularly Nehru, Indira Gandhi and Gujral, in formulating India's neighbourhood policy;
- multilateral framework in South Asia and India's involvement in them.

1.1.1 INTRODUCTION

A state can choose its friends but not its neighbours because neighbours of a state are given and they are the product of hard fact of geography. A state has to deal with its neighbours,

notwithstanding this fact that most of the time it is in conflict with them. It becomes more precarious when a country of big size has to handle its small neighbours which look like its satellite for all practical purposes. India has been facing similar kind of situation in its neighbourhood since independence. India's geographical location has not only given its neighbours but also problems driven by geography like boundaries disputes and conflict over sharing of transnational river water, migration, spill over of ethnic and religious conflicts, etc. Theoretically, relations amongst states are based on the principle of sovereign equality but in reality their relations are shaped in the realm of real politics in which the power of state matters a lot. Hence symmetrical relations are not possible amongst asymmetrical players. Indo-centric character of South Asia reflects the power asymmetry that exists in the region, whereas the small states like Pakistan, Nepal, Sri Lanka and Bangladesh have always desired their bilateral relations with India to be based on the principle of sovereign equality. In practice their relations with India have always remained asymmetrical as there existed power differential between India and their capabilities.

Transition of space from Indian sub-continent to South Asia has been remained quite problematic in this region. The term Indian-sub-continent was popularly used before partition to explain the political, economic and strategic reality in today's South Asian region. First time the American area studies experts used the term South Asia to spell out the changed geo-political, geo-economic and geo-strategic realities in this region because Pakistan emerged as an independent country and Sri Lanka and Myanmar became

independent like India. Indian sub-continent term was considered most appropriate till the British ruled Sri Lanka and Myanmar and controlled the Nepal and Bhutan while ruling India. After British withdrawal from Indian sub-continent material reality changed considerably in this region as Pakistan emerged as new state, Sri Lanka became independent and Nepal and Bhutan also lost the status of British protectorate. In order to explain all these changes in this region, the use of the South Asia was preferred over Indian sub-continent as the later was identifying the region with India, whereas the former considered as the country neutral term describing this region in more inclusive way. Despite all these changes this region continued to be Indo-centric because India occupies the largest landmass, population and natural resources apart from acquiring the capabilities like political stability, economic vibrancy, strategic superiority and regional leadership vis-à-vis the other states from this region

According to the structural approach to power, India occupies an advantage position in the South Asian region. In terms of vital physical links, India shares borders with all South Asian countries. India constitutes 72 per cent of the land surface, 77 per cent of population and 75 per cent of economic output of the South Asia. The economic potential, relative political stability and military capabilities have made the India a regional power in the South Asia. Since India constitutes the maximum part of South Asian landmass, it has always identified its security with this region and wanted to sanitise it from the influence of external players; however, the small countries like Pakistan, Sri Lanka, Nepal and Bangladesh always invited external powers like UK, USA and China to address the power differential that exists between India and them and thereby to ensure their security. It has resulted into divergence of security perceptions between India and its neighbours. They feel secure when external players are present in South Asia. However, the presence of external players in the region is detrimental to India's security. Small South Asian states are of the opinion that India is an interventionist state, which has been interfering in their internal affairs ranging from Pakistan to Sri Lanka, Nepal and Bangladesh. India always articulated that developments in domestic politics of these states have political, economic, social and security implications for it as the cultural, religious and linguistic connections exist across national borders. Bilateralism has always remained dominant approach of India while dealing

with its neighbours, which enabled India to settle some territorial and water disputes with its neighbours like Pakistan, Sri Lanka, Bangladesh and Nepal. In 1980s, the small South Asian countries (except Pakistan) conceived multilateralism as an instrument (in the form of SAARC) to handle India as they realized over a period of time that while dealing with India bilaterally they are always in a position of disadvantage as the former being big player always has more bargaining power at its disposal.

1.1.2 INDIA'S CONCERNS IN SOUTH ASIA

India's neighbourhood always figured on radar of its foreign policy for wrong reasons; for instance, Sri Lanka due to Tamil issue, Pakistan because of Kashmir problem, Bangladesh due to illegal immigration, Nepal due to the Treaty of Peace and Friendship and people of Terai region etc. An overview of literature on India's foreign policy indicates that neighbourhood has always remained troublesome for it. It has always given headache to India either by providing shelter to the insurgents groups or by supporting the secessionist groups operating against India or exporting terrorism to India. However, its neighbours have same perception about India. They have always alleged that India is extending helping hand to the groups fighting against their respective states like Tamils in Sri Lanka, people of Terai region in Nepal, Baluch in Pakistan and people of Chittagong Hill Tracts in Bangladesh. India has always denied these allegations. Actually, the South Asian States live under the fear psychosis of Indian predominance geographically, demographically and economically. India has tried to address this psyche of small nations through Gujral Doctrine in which it reiterated that it respects sovereign equality and territorial integrity of its neighbours and does not expect reciprocity. India being big state in the region is in a position to help its neighbours in multiple ways. This doctrine enabled India to settle water dispute with Nepal and Bangladesh apart from signing Free Trade Agreements with Nepal, Bhutan, Bangladesh and Sri Lanka, which are more or less favourable to them. Attempt was also made to normalise its relations with Pakistan as Indo-Pak peace process was set in motion in November 2003 which resulted into the opening up various trade and bus routes between them. Despite all these efforts, it is articulated in the mainstream literature that India is losing its neighbours to China and the latter has cultivated Pakistan, Nepal, Sri Lanka and Bangladesh through its policy of "String of Pearls". However, it is argued that

China's policy of "String of Pearls" is a response to India's Look East Policy (LEP) because through LEP India has cultivated South East Asian and East Asian states which constitutes China's neighbourhood. Such a scenario leads to a series of question regarding the subject under discussion. How does India define her neighbourhood? Does it remain confining to Pakistan, Sri Lanka, Nepal, Bangladesh, Bhutan and Maldives or go beyond them? What has been remained India's policy towards its neighbours? Is India losing its neighbours to China? What is the perception of neighbouring countries about India? Does India have an overarching policy perspective regarding its neighbourhood? The following section of this lesson analyses the issues and questions raised here.

1.1.3 INDIA'S SOUTH ASIAN DIPLOMACY: LEGACY OF RAJ

Origin of India's neighbourhood policy can be traced back to the colonial period when India was under the British rule and two of India's neighbours Sri Lanka and Maldives also experienced colonial rule, whereas, its Himalayan neighbours Nepal and Bhutan were under British suzerainty and enjoyed the status of protectorate states. Meaning thereby that except Maldives, Britain was controlling the Indian sub-continent while sitting in India. Besides this, Burma was also one of India's provinces till 1937. The colonial masters were aware of this fact that in order to govern India, they had to establish control on the Indian periphery that was constituted by the Nepal, Bhutan, Sri Lanka and Burma. India continued with this legacy of British Raj in the Post-Colonial period as far as its neighbourhood policy is concerned. The first Prime Minister of India, Jawaharlal Nehru who was also holding the portfolio of foreign affairs argued that the small South Asian States should join the Indian Federation. Further K. M. Pannikar, India's strategic thinker articulated that Sri Lanka is an Indian lake. India was successful to bring the Himalayan Kingdoms Nepal and Bhutan on its orbit by signing the treaties of peace and friendship, however Sri Lanka followed the pro-west foreign policy as its world view was not converging with India. This was the reflection of the continuity of mind-set of British Raj.

However, India's policy towards its neighbours continued to be shaped by the structure of the South Asian region apart from India's civilizational linkages with its neighbours. Nehru was partially successful to cultivate its small neighbours like Nepal and Bhutan but failed to connect with the big neighbour People Republic of China, the way he

wanted to connect. Rather India's China policy suffered a major set-back when it landed in war with China in 1962. It was a major set-back to India's neighbourhood policy during the Nehru era. Other failure of India's neighbourhood policy was its policy towards Pakistan particularly on Kashmir. However, it was Nehru who brought Kashmir into India but he did not allow the Indian army to finally settle its borders in 1947-48 war with Pakistan with regard to Jammu & Kashmir, rather he took the matter to the United Nations Security Council wherein the power politics of Cold War prevailed instead of the merit of the case when, the United States sided with Pakistan in the world body. However, Nehru took the matter to the UN to declare the Pakistan as an aggressor state as it invaded Kashmir but contrary to Nehru's expectation the Kashmir was declared as a disputed territory. Nehru's Kashmir and China policies are considered as failures that led to critical mass that has become perennial source of insecurity for India. India-China war of 1962 followed by India-Pakistan war of 1965, changed the regional security scenario to New Delhi's disadvantage, whereas Goa's integration with India in 1961 resolved the issue of territorial absurdity that was bothering New Delhi. India accepted Tibet as part of China when the latter annexed Tibet in the 1950s and thereby conceded space to Beijing that New Delhi was occupying there. Although that was New Delhi's long-term political investment to keep Beijing in good humour but that turned out to be counter-productive as New Delhi lost buffer between India and China and the latter started questioning the McMahon Line that used to be boundary between Tibet and India. China as an occupying power of Tibet became India's next door neighbour and hence the issue of boundary dispute cropped-up that resulted into Sino-Indian war in 1962 and loss of India territory to China and since then it has become a perennial security threat. India's image in the comity of nations faded due to its war with China and Pakistan and its influence was undercut regionally and internationally. Contrary to that New Delhi considered its interests safe in the Kingdoms of the Himalaya – Bhutan, Nepal and Sikkim – once special treaties were signed with each which established India's pre-eminence in their foreign policy and thereby ensured its security. A treaty of friendship of 1949 turned Bhutan into an affiliate of India, whereas Indo-Nepal Treaty of Friendship and Peace of 1950 made the Himalayan Kingdom quasi-sovereign and the status of protectorate state of Sikkim was institutionalized with the Indo-Sikkim Treaty of 1950. Indo-Sikkim Treaty made Sikkim an Indian protectorate,

with India assuming responsibility for external affairs, defence and strategic communication of Sikkim. However, Nehru's legacy of Raj while dealing with the small neighbours suffered with Sri Lanka's leaning towards the West, Pakistan's alliance with US subsequently with China and with China's incursions across the McMahon Line. Further, India was considering the South Asia as an Indian sphere of influence and was against the interference of external powers in the affairs of the latter. However, special relations India had inherited from the British with regard to the Himalayan Kingdoms reinforced the sense of South Asia as its sphere of influence but New Delhi could not stop Pakistan from bringing great power rivalries to this region.

1.1.4 INDIA'S SOUTH ASIAN POLICY: INDIRA DOCTRINE

During this phase that was set in motion since the late 1960s, India's neighbourhood policy was confronted with a serious challenge-to rehabilitate India's image as a regional power in the South Asian region apart from improving its regional security scenario. This phase was also known for India's involvement in the internal affairs of South Asian States like Sri Lanka, Nepal, Maldives and Pakistan. India's relations with its South Asian neighbours especially Pakistan, Sri Lanka and Nepal consumed most of the energies of the Ministry of External Affairs. The happenings in the internal politics of Pakistan, Sri Lanka and Nepal were adversely affecting India as the situation prevailing in East Pakistan resulted into a huge influx of refugees to India, whereas the Tamil ethno-nationalism in Sri Lanka also had repercussions for the Tamil Nadu province of India Union and the movement for democracy in Nepal led by Nepalese Congress was having the support base in its Terai region that was primary populated by the people of Indian origin. Ethnic linkages such as those of the Madhesis in the Terai region in Southern Nepal and Sri Lankan Tamils with Tamils in Tamil Nadu, instead of being a constructive cementing link between India and these countries as is the case with the Indian Diaspora abroad and their country of origin, has been a source of tension. These sections of the populations are yet to be fully integrated into the societies in which they have been residing and suffering from disabilities and discriminatory treatment. They have either been suspected for their extra-territorial loyalties or seen as instruments of Indian influence as the sympathy and support they receive from groups in India create an environment of distrust in bilateral relations.

The crisis of East Pakistan forced India to intervene to stop the flow of refugees to India's north-east region which resulted into the creation of Bangladesh. Although, India sent its forces to Sri Lanka in 1987 and Maldives in 1988 on the invitations of their respective governments but the South Asian states started perceiving India as an interventionist state. During this period, India's perspective about its neighbourhood was buttressed by the principle of bilateralism. Under the Indira Doctrine that was considered India's Monroe Doctrine, New Delhi insisted that the problems in the South Asian region must be resolved bilaterally and that external powers have no role to play in the region. India adopted big brother attitude towards countries of the sub-continent that was reflected in a series of major Indian interventions like the liberation of Bangladesh (1971), annexation of Sikkim (1975), defence of Maldives (1988), punitive economic measures against Nepal (1989) and coercion, peacekeeping and finally counter-insurgency in Sri Lanka (1986-1990). India's predominant foreign policy objective under the Indira Doctrine was to prevent the neighbourhood from hosting allying with external powers. Indira Doctrine underlined this argument that India would consider the presence or influence of external power in the region as detrimental of its interests. India's justification for this policy was an attempt to insulate the region from the adverse effects of cold war, but its neighbours viewed it as a policy to deal with any challenge to India's regional position.

1.1.5 RELUCTANT MULTILATERALISM IN INDIA'S SOUTH ASIA DIPLOMACY

During this phase, India's relations with its South Asian neighbours were characterized by the various bilateral contentions. New Delhi advocated the bilateral approach to for addressing these issues, whereas, the small South Asian states were in favour of multilateral regional approach. Both India and its small neighbours were operating in the fear psychosis. India's fear was that its small neighbours would gang-up against it and demand unrealistic concessions in a multilateral framework, while the small South Asian countries suspect that New Delhi to take undue advantage of their weak bargaining capacities in the bilateral dialogue. This small nations' psyche led to the establishment of South Asian Association for Regional Cooperation (SAARC) but India did not take much interest in this multilateral forum which was the brain child of the former President of

Bangladesh General Zia-ur-Rehman. India believed that SARRC was a western design to contain India within the South Asian region and India's preferred mode of connecting with its neighbours was bilateralism. Notwithstanding its reservation regarding the multilateralism, New Delhi participated in the deliberations initiated in 1981 to establish regional organization to promote regional cooperation in this region to serve its three objectives in the South Asian region. First, India was against any sort of multilateralism in the domain of high politics which was the major thrust of the original proposal of SAARC. While participating in the deliberations, India succeeded to change the agenda of SAARC from high to low politics. Second, in the original proposal, the 'principle of majority' was the operating principle of SAARC; India's participation in the talks resulted into a change from the principle of majority to the principle of 'unanimity'. Third, by participating in the negotiations, India was successful to convince the other members to insert a provision in SAARC charter prohibiting the raising of bilateral issues at this multilateral forum. While participating in the deliberation at the formative stage, India did not allow the SAARC to become an anti-Indian multilateral forum in the South Asian region.

1.1.6 INDIA'S CHANGING PERSPECTIVE ON SOUTH ASIA: GUJRAL DOCTRINE

In the late 1980s and early 1990s, there was a change in India, neighbourhood policy as New Delhi resolved its boundary dispute pertaining to the Kachchativu Islands with Sri Lanka apart from changing its policy towards Sri Lanka on the issue of Tamil Ethno-nationalism. Instead of supporting Tamil ethno-nationalism as New Delhi did in the 1970s and mid 1980s, India changed its position since late 1980s that Tamil problem is an internal problem of Sri Lanka and the latter has to resolve it within its constitutional framework. In this phase, India changed its neighbourhood policy orientation from the Indira Doctrine's obsession with bilateralism and reciprocity in solving problems with its neighbours to the Gujral Doctrine (1996) – a strategy of positive unilateralism in which New Delhi took the lead to find solutions to long standing problems. The Gujral Doctrine was articulated by the Foreign Minister of India I. K. Gujral, consisted of five principles which aroused from the belief that India's stature and strength at global level cannot be divorced from the quality of its bilateral relations with its neighbours. It further recognised

that the prime responsibility to improve its relations with the small neighbours lies with India. The five principles of Gujral Doctrine are: **first**, with small South Asian neighbours like Sri Lanka, Bangladesh, Bhutan, Maldives, New Delhi does not ask for reciprocity, but gives and accommodates what it can in good faith and trust; **second**, no South Asian country should allow its territory to be used against the interest of any country of the region; **third**, no country should interfere in the internal affairs of another; **fourth**, all South Asian country must respect each other's territorial integrity and sovereignty; **fifth**, they should settle all their disputes through peaceful bilateral negotiations. It was argued that these five principles of Gujral Doctrine, if strictly adhered to would achieve a fundamental recasting of India's relations with small South Asian states including Pakistan. Further, the implementation of five principles of this doctrine would create a climate of close and mutually benign cooperation with the South Asian region wherein the size and weight of India is regarded positively. The Gujral Doctrine has reflected India's changed attitude towards its immediate neighbours. This changed attitude helped India to resolve some of its long standing water disputes with Nepal and Bangladesh besides signing free trade agreements with Sri Lanka, Nepal and Bhutan.

However the change of political regime in India in 1998 led to scepticism that the Gujral Doctrine would not be followed with regard to India's relations with its neighbours. The BJP led NDA regime began its relations with South Asian countries on a doubtful note when India conducted nuclear tests and the neighbours doubted India's intentions. However, the government did its best in due course and the relations were conducted in positive manners. India's relations with neighbouring countries were conducted in a continuation of the five principles of Gujral Doctrine without referring to the doctrine per se. It was during Vijayapathy's tenure as Prime Minister that India and Pakistan started the process of composite dialogue to settle the outstanding bilateral issues, though the process of dialogue that got derailed due to the Pokhran-

II. It clearly brought out that the continuity existed in India's relations with the neighbouring countries not only in 1990s but also thereafter. The political dividend of the Gujral Doctrine was clearly felt in the aftermath of the nuclear tests by India when the international reactions to it contrasted with the reactions of the South Asian neighbours. India's neighbourhood

policy since Prime Minister Gujral period has been made a shift from hard power strategy of military and diplomatic interventions to a soft power approach that has been emphasising inter-governmental cooperation, negotiated settlements and economic cooperation. These changes have been perceived as an attempt to change India's image from a regional bully to a benign hegemon as argued by Wagner.

In this phase, India refrained from intervening in the internal affairs of the South Asian neighbours. For instance India did not react when the Bangladesh army under the command of General Moeen U. Ahmed 'recalled democracy' and placed country under quasi-military rule. Despite overtures by the Sri Lankan government and the Tamil Tigers, New Delhi refrained from direct engagement in Island's civil war. Old regime of President Maumoon Abdul Gayoom was unseated by the popular politics in Maldives receiving the minimum attention from New Delhi. Political transition in Bhutan from absolute monarchy to constitutional monarchy was peaceful and had India's support. Further, New Delhi complemented Bhutan's domestic political development by concluding a new treaty liberating Thimphu's foreign and defence policies from India's 'guidance'. There has been a visible change in India's Pakistan policy since late 1990s. Both the NDA and UPA regimes under the leadership of Vajpayee and Manmohan Singh conducted negotiation with General Musharraf regime, ignoring his role as the architect of the Kargil war of 1999.

1.1.7 INDIA'S SOUTH ASIA POLICY: FOCUS ON ACTIVE MULTILATERALISM

Although, India's preferred approach towards the South Asian neighbours has been bilateralism but of late New Delhi has not been against the regional and multilateral approach. Due to that India started taking keen interest in SAARC to promote regional economic cooperation in the South Asian region. But the regional economic cooperation has been viewed by the small South Asian states as a mechanism of ensuring the economic expansion of India at their expense. Therefore, the South Asian states were not enthusiastic about the South Asian Preferential Trading Agreement (SAPTA) because they feared that the impact of their unfavourable trade balance with India would be accentuated if the liberalization is encouraged within south Asia. Notwithstanding their reservations, India has been advocated

the cause of economic cooperation and free trade in the South Asian region as every state of the region is going to be benefitted from that though the latitude of their economic benefit from the economic multilateralism in the region will vary and would depend upon their economic capabilities. While using the tool of regional diplomacy, Manmohan Singh government attempted to accelerate the formation of South Asian Free Trade Area (SAFTA), declaring its readiness to accept asymmetrical responsibilities in freeing trade. The SAFTA spelled out a road-map of common market in the subcontinent by 2016, with India and Pakistan eliminating all tariffs by 2012, Sri Lanka by 2013 and Bangladesh, Bhutan, Maldives and Nepal by 2015.

Since 1990s, India has realised that stable, secure and peaceful neighbourhood is in India's long term national interest not only at regional level but also at the global level. Keeping this in view, India's Prime Minister, Narendra Modi invited the heads of government of South Asian countries for his swearing-in ceremony in May 2014. He paid his first foreign visit to Bhutan which was followed by his visit to Nepal. This phase has also witnessed India's expanding conception of neighbourhood that earlier was primarily having the continental thrust but now having the continental as well as maritime thrust-as India has included Indian Ocean Region in its conception of neighbourhood. India's neighbourhood encompasses the entire region from the Strait of Hormuz to the Strait of Malacca. To build and expand India's security links with Island states to ensure its role as a 'net security provider' in the Indian Ocean Region, the Prime Minister of India, Narendra Modi visited the Seychelles, Mauritius and Sri Lanka in March 2015. Sri Lanka visit was the first bilateral visit by the Indian Prime Minister in 28 years. India has been worried about China's expanding economic, political and strategic influence in its immediate neighbourhood including Pakistan, Nepal, Maldives, Sri Lanka, Bangladesh and the island states of Indian Ocean Region. Chinese influence in the Indian Ocean is considerable-as it has deep pockets. India has recently begun to build security relationship with Island states. The Indian Navy's force levels and reach are still not sufficient for a dominant role in the Indian Ocean region.

Contrary to the small South Asian states, China is India's largest and most powerful neighbour-with an economy four and half times larger and a defence budget estimated to be nearly three times bigger. This neighbour has been a challenge for India due to three reasons. First, China's assertive behaviour on border with India resulted into Sino-Indian war and territorial dispute thereof fifty-four years ago. Since then, this has been remained highly emotive and sensitive issue on the agenda of India-China relations. China has also officially protested India's Prime Minister, Modi's visit to Arunachal Pradesh to which it claims as Chinese territory. The Chinese intrusion at Chumar in Ladakh September 2014 took place during the visit of Chinese President Xi Jinping to India. Prime Minister Modi himself raised it with Chinese President Jinping. Second, the expansion of Chinese trade and defence relations in India's neighbourhood including continental as well as maritime space has been a serious challenge for India. Third, China's rise and India's emergence have put almost put them in a binary geo-strategic and geo-political equation notwithstanding their economic engagement driven by the neo-liberal approach. China has adversely influenced India's relations with its South Asian neighbours. China is India's most formidable neighbour affecting India's role not only in the South Asian region but also in Asia as a whole because a stable and peaceful neighbourhood strengthens a country's foreign policy posture, whereas an unstable and troubled neighbourhood saps its ability to act forcefully and effectively on the international stage.

1.1.8 INDIA NEEDS CREATIVE DIPLOMACY IN SOUTH ASIA

Being an emerging power, the neighbourhood has become significant for India. Therefore, in order to improve its relations with South Asian states, India needs to learn from its past mistakes. New Delhi needs to address the genuine concerns of its South Asian neighbours, while devising an effective, pragmatic and pro-active policy neighbourhood policy. First, India is required to address the issues pertaining to its relations with South Asian states on priority basis while adopting a balanced political perspective that had been seen missing in the past. New Delhi needs to deal with its neighbours keeping in view its national interest irrespective to ideological consideration whether a neighbouring country is having democracy or authoritarian/military rule. Second, India must evolve an institutional mechanism to engage its immediate neighbours on regular basing by paying the

visits of high level leadership because in the past New Delhi has been lacking on this count. During the six years tenure of former Prime Minister, Atal Bihari Vajpayee, he did not find time to visit the neighbouring countries frequently. Manmohan Singh the former Prime Minister of India also took good time to visit the neighbouring countries. The same situation existed at the ministerial level. That is why the many of India's neighbours complained of India's political neglect. Third, India necessitates a creative regional economic policy to create economic interdependence and shared prosperity within the South Asian region. In India's neighbourhood policy, economic resources play significant role because Indian economy is comparatively more resourceful, diversified and strong as compared to all its neighbours. Further, India's neighbours have expectations for help and support from New Delhi. But contrary to their expectations, economically resourceful India has appeared to the smaller neighbours as petty trader of economic goods and advantage, India needs to transcend that image without any delay. This again requires strong political commitment on the part of India. India also needs to give-up its traditional opposition to financing to financing of regional trans-border projects from such institutions as the Asian Development Bank.

India's challenge has been to counter the increasing encroachment of China on the economic space of South Asian region as Beijing has started using economic diplomacy to cultivate the small countries of this region by trade, aid and investment. India has to shore up its waning influence in its neighbourhood. Sri Lanka is India's largest trading partner in the South Asian region and it is the outcome of Free Trade Agreement (FTA) both countries signed and operationalised since 2000. Further, industry in Sri Lanka in search of opportunities for deeper economic relations with India beyond the free-trade agreement as India needs to seize this opportunity. India and Sri Lanka have already been negotiating Comprehensive Economic Partnership Agreement (CEPA) to elevate their economic ties to the higher level. India's FTAs with Nepal, Bhutan and Bangladesh are required to be utilised to the maximum level to increase trade with them with a guarantee to these small countries would not suffer trade deficit vis-a-vis India which they are having right now. India, Nepal and Bhutan have already been having little trade in power sector because India has established various joint hydro-power projects with Himalayan states. Possibility of greater economic integration with the Nepal and Bhutan is always more because they

are landlocked states and economically dependent on India. Their economic dependence needs to be used for their advantage rather than to the advantage of India that happened to be major economic power in the South Asian region. It will be India's economic investment for keeping its turf safe in the region. Bangladesh is also interested to collaborate with India in the various economic sectors that will further expand India's economic space in South Asia. India needs to use bilateral economic diplomacy to integrate with its South Asian neighbours as the onus of the failure of multilateral economic diplomacy lies on India and Pakistan but the responsibility for reinvigorating the South Asian Association for Regional Cooperation (SAARC) as an instrument of multilateral economic diplomacy lies with India because it is the most prosperous country in South Asia. The present Indian National Democratic Alliance (NDA) dispensation led by the Prime Minister Narendra Modi has stressed in improving economic ties with its immediate neighbours as the potential of India's economic relations with the small neighbours are yet to be realised. As India is at the threshold of transition from regional power to a middle range power, New Delhi is ready to walk extra miles to improve its economic ties with neighbouring countries and aspires to create new opportunities for their economic progress, security and well-being.

One of the creative policy-making on the part of the India is how to calibre its South Asian policy without overarching on Pakistan. Too much focus on Pakistan may lead to losing traction with the other South Asian neighbours. Recently, the SAARC meetings/summits are not taking place due to India's refusal to attend them. India, instead, preferred to engage with its neighbours through other regional platforms like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). Though, these other regional platforms serve to achieve its objectives, however, undermining SAARC has its own negative fallouts. Hence, its continuation might not sound good. In this light, the Prime Minister Narendra Modi's call to all the SAARC countries for a well-planned strategy to deal with the one of the greatest human crisis, COVID-19, and his video conference with the SAARC leaders is a good strategic step taken in the right direction.

1.1.9 LET US SUM UP

India's policy towards South Asia has been shaped by the changing time and space. New Delhi inherited the legacy of Raj which was by and large shaped by the geopolitics and the character of the South Asian region that used to be Indo-centric during the colonial and post-colonial period. Although, in the post-colonial period this region has made a transition from Indian sub-continent to South Asia but there has not been much change in the geopolitical character of this region. It was Indo-centric during the colonial as well as post-colonial period. British Raj ruled India while controlling periphery around it by signing various treaties with the Himalayan states like Nepal and Bhutan; other states like Sri Lanka was also under the British colonial rule, and Pakistan and Bangladesh were part of India. The basic principle was that in order to prolong their colonial rule in India, the British kept the periphery of Indian sub-continent under their sphere of influence. This mind-set continued to shape India's South Asia policy because the governing elites in New Delhi also realised that in order to ensure India's national security it is required to keep South Asia under its sphere of influence as India identified its security with entire South Asian region. New Delhi acknowledged the sovereign existence of Nepal and Bhutan but also brought them on its orbit by way of signing bilateral agreements with these Himalayan states. India expected from these small Himalayan states and Sri Lanka that they should not do anything detrimental of India's security. Major objective of India's South Asia diplomacy was to keep South Asia free from the presence of external powers. Notwithstanding this, India's continental neighbour Pakistan and maritime neighbour Sri Lanka did not hesitate to invite the United States and the United Kingdom respectively to the South Asian region. The irony is that notwithstanding its primacy and centrality in South Asia, India has been always been in competition with the extra-regional great powers for influence and goodwill in India's neighbourhood. Since 1960s, Pakistan has been providing enough space to China to expand Beijing's area of influence in South Asia.

In the 1970s, India's South Asia diplomacy was characterised as Indira Doctrine. Main objective of this doctrine was to keep South Asia free from the influence of external powers and to resolve the problems with its neighbours bilaterally. However the critics branded Indira Doctrine as an instrument to establish India's hegemony in the South Asian region and branded India as an interventionist state. Indira Doctrine pushed India's neighbours close to China. India primarily relied on bilateral approach to interact with its

neighbours and occasionally used reluctant multilateralism to achieve its policy objectives in the South Asian region. Since 1990s, India has changed its policy towards the South Asian neighbours that has been spelled out in the Gujral Doctrine. It has been considered as a serious attempt on part of India to improve its relations with the South Asian states by reducing the trust deficit between New Delhi and its neighbours. It helped New Delhi in a great deal to resolve long pending bilateral water disputes with Bangladesh and Nepal apart from signing Free Trade Agreements with Nepal, Bhutan, Sri Lanka and Bangladesh. It was also criticised by Islamabad as an Indian attempt to isolate Pakistan by encouraging sub-regionalism in the South Asian region. South Asia has become more significant for emerging India as New Delhi needs peaceful neighbourhood to concentrate on its foreign policies at the continental and global level. India as an emerging power needs peaceful neighbourhood to serve its national interests at international level. Besides this, Beijing's increasing penetration in continental and maritime spaces of South Asian region and Indian Ocean region respectively has forced New Delhi to mend its way while dealing with its neighbours. Further South Asia's importance has also increased for New Delhi due to latter's growing energy needs and trade interests.

1.1.10 Exercise

1. Locate South Asia in Emerging India's foreign policy agenda.
2. Why the term South Asia is preferred instead of Indian sub-continent?
3. Write a note on the legacy of Raj in India's Neighbourhood Policy.
4. Describe the impact of Indira Doctrine on India's South Asian Diplomacy.
5. Discuss India's changing perspective of space in its Neighbourhood Policy.
6. Has Gujral Doctrine brought a change to New Delhi's South Asian Diplomacy?
7. Elucidate the role of China factor in India's Neighbourhood Policy.

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – I: INDIA, SOUTH ASIA AND CHINA

**1.2 INDIA'S POLICY TOWARDS PAKISTAN,
BANGLADESH AND AFGHANISTAN**

- Baljit Singh

STRUCTURE

1.2.0 Objectives

1.2.1 Introduction

1.2.2 India's Pakistan Policy: Changing Dynamics and Dimensions

1.2.2.1 India and Pakistan: Issues of Confrontation

1.2.2.2 Efforts towards Better Relations

1.2.3 India's Bangladesh Policy: Emerging Trends and Challenges

1.2.3.1 Issues of Contention

1.2.3.2 Improvement in Relations

1.2.3.3 Trade Relations

1.2.3.4 Recent Positive Developments

1.2.4 India's Afghan Policy

1.2.4.1 Changing Dynamics of Afghan Policy

1.2.4.2 Objectives of India's Afghan Policy

1.2.4.3 Instruments of India's Afghan Policy

1.2.4.4 Karzai Administration and India's Afghan Diplomacy

1.2.4.5 India's Afghanistan Policy during Ghani Regime

1.2.4.6 New Delhi's Policy Option in Afghanistan

1.2.5 Let Us Sum Up

1.2.6 Exercise

1.2.0 OBJECTIVES

In this lesson you will study India's relations with Pakistan, Bangladesh and Afghanistan. After going through this lesson, you will be able to know:

- changing dynamics of India's Pakistan policy;
- emerging trends and challenges in India-Bangladesh Relations;
- objectives and instruments of India's foreign policy in relation to Afghanistan.

1.2.1 INTRODUCTION

Pakistan and Bangladesh have always been important actors for India's foreign policy. With these countries India is having ethnic and cultural linkages as they were the part of India before 1947. Pakistan was an outcome of partition of India, whereas, Bangladesh emerged due to the dismemberment of Pakistan. India's role in the creation of Bangladesh laid the foundations of India's diplomacy towards Bangladesh, whereas the Indo-Pakistan relations continuously shaped by the communal mindset. India's Pakistan policy has been shaped by the post-partition related problems including territorial disputes; Kashmir has always remained its critical determinant. Pakistan has been an important neighbour for India but how to deal with it has always been remained a critical question bothered all the dispensations occupied the position of power in New Delhi ranging from the first Prime Minister Jawaharlal Nehru to present Indian Prime Minister Narendra Modi. India's Bangladesh policy has not only been shaped by New Delhi's interests there but also by political situation prevailed in Bangladesh as India has become a crucial factor in the domestic politics of Bangladesh.

The case of Afghanistan is altogether different comparing with Pakistan and Bangladesh. While India is sharing border with Pakistan and Bangladesh, it does not have physical connectivity with Afghanistan. The partition of the subcontinent disrupted the geographical proximity which India enjoyed since times

immemorial. Yet, this does not undermine its significance in India's foreign policy because Afghanistan was the part of famous silk route between India and Central Asia during the colonial period. India's relations with Afghanistan were cordial during the Cold War period and Afghanistan assumed more significance in India's foreign policy in the post-Cold War due to security reasons. New Delhi has been seriously cultivating Kabul since 2001 and the aid diplomacy has emerged as an instrument of India's Afghan policy.

1.2.2 INDIA'S PAKISTAN POLICY: CHANGING DYNAMICS AND DIMENSIONS

India and Pakistan's foreign policy behaviours towards each other have been shaped by the competitive territorial and ideological nationalisms. Pakistan was the outcome of the partition of India that happened on the basis of two-nation theory. For quite long-time, their policies towards each others were preoccupied by the partition related issues, be it the division of assets, dispute over territory and water etc. History of India-Pakistan relations has been full of conflict either in violent and non-violent form, trust deficit, suspicion, hostility and animosity. First instance of conflict occurred between the two countries in October 1947 itself on the issue of Kashmir. Further, Pakistan's joining of US led military alliances like SEATO and CENTO in the 1950s had proved as a major setback to India's South Asia policy because latter wanted to keep South Asia away from the Cold War politics and thereby free from the influence of external powers. But contrary to that Pakistan initially gave entry to US and subsequently to China.

1.2.2.1 India and Pakistan: Issues of Confrontation

One of the major reasons for hostility between India and Pakistan has been the divergence in their political system as the former was ruled by democratic dispensation whereas the latter was governed by army for long-time. Even when the army had not been in power, Pakistan's India policy had always remained with the army headquarters in Rawalpindi. Army rule in Pakistan resulted in second war between India and Pakistan in 1965 when Pakistan attempted to exploit

India's humiliating defeat in the 1962 war with China. Despite the Tashkent Agreement of January 1966, the relations between India and Pakistan had remained tense throughout the 1960s. Although, they resolved the issue of water sharing through international arbitration but the Kashmir issue continued to drive conflict to their relations. Sino-India war of 1962 and the India-Pakistan war of 1965 were major set-backs to India's credentials as a regional power in South Asia. In order to solve the problem of refugees coming to India due to the political crisis in East Pakistan, India intervened in that crisis in 1971 that led to the emergence of Bangladesh as an independent country. Of course, it was the Pakistan which was responsible for its dismemberment as it did not honour the electoral verdict of first ever elected elections in 1971, India intervened at the eleventh hour whereas the fertile ground for that was created by Pakistan. India's intervention in the crisis of East Pakistan did not only result into a full-fledged war between India and Pakistan and the victory in that war rehabilitated India's image as a regional power. However this war was followed by the Shimla Agreement (1972) between India and Pakistan wherein both the countries agreed to resolve their outstanding disputes bilaterally.

There was an expectation that signing of Shimla Agreement would improve their relations since two neighbours agreed to resolve their differences through negotiation rather than finding their solutions through military means. But this did not happen because Pakistan changed its strategy immediately after signing this agreement as Pakistan held India responsible for its dismemberment and was always in search of an opportunity to settle score with India. Of course, the 1971 war was followed by the establishment of democracy in Pakistan but it could not bring any qualitative change in Pakistan's policy towards India. India's nuclear test at Pokhran (1974) further accentuated Pakistan's sense of insecurity from India which resulted into Pakistan's quest for nuclear weapons to achieve strategic parity with India. Installation of third military regime in Pakistan in July 1977 further deteriorated its relations with India. India's Pakistan policy has been shaped by the constraints of Cold War politics, Pakistan's proximity with the US and China, India's equation with Soviet Union and the Soviet intervention

in Afghanistan. Pakistan became frontline state in the US Cold War strategy in Afghanistan which enabled Pakistan to use proxy war as an instrument of its India policy. Pakistan received and used US funding to fuel the Islamic extremism against the Soviet supported government in Afghanistan and supported terrorism against India in Punjab and Kashmir.

In these circumstances, major objective of India's Pakistan policy has been not only been to normalise its relations with its next-door neighbour but also to establish peace and stability in the South Asian region. The past 69 years history of India-Pakistan relations indicates that successive governments in India and Pakistan have taken various steps to normalise their relations but nothing substantive has been achieved so far. Conflict has been remained the dominant element in their bilateral relations. Many a times the conflict between India and Pakistan relations assumed violent form as they had fought three full-fledged wars in 1947-48, 1965 & 1971 and one localised war in 1999 in Kargil apart from the Pakistan sponsored proxy war against India in Punjab and Kashmir. Of course, India and Pakistan had signed some agreements to resolve various issues pertaining to their bilateral relations like Indus Water Treaty-1960, Tashkent Agreement-1965, Shimla agreement-1971 and Lahore Declaration-1999. Indus Water Treaty of 1960 has considered as a milestone in their bilateral relations till date. The Indus Water Treaty was an outcome of international arbitration rather than their bilateral efforts. This treaty was signed by the India's Prime Minister Jawaharlal Nehru and Pakistan's President Ayub Khan at Karachi on September 19, 1960. It is considered one of the most successful agreements between India and Pakistan. Though the Indus Water Treaty is working satisfactorily but some of the issues related to it have been raised by Pakistan. For instance, Pakistan accuses that the construction of Baglihar dam on the Chenab river in Kashmir violates the provision of the agreement. Article 4 of the treaty provides that each party will try its level best to maintain the natural channels of the river. Pakistan complained to the World Bank in which it alleged that the design of Baglihar Dam of India will allow India to control the water flow. The World Bank appointed Swiss neutral expert, Ramond Lafitte to adjudicate the dispute and he gave his

verdict in February 2007 in which he addressed some objections of Pakistan but upheld claim of India to construct the gated spillways. Besides this, the issues of Kishenganga Hydro Electric Project, Tulbul Navigation and Wular Barage, Neelum Jhelum on Indian side and Calaba dam project on Pakistan side are still the live issues in Indo-Pakistan relations.

1.2.2.2 Efforts towards Better Relations

In order to normalise their relations, the peace process was set in motions between two countries since October 2003. Upper layer of the peace process was constituted by the Confidence Building Measures (CBMs) and inner layer was constituted by the Composite Dialogue. The Foreign Secretaries of both the countries agreed to include eight issues ranging from terrorism, drug trafficking, Kashmir, Siachen, Wullar Barrage, Sir Creek, trade and etc. in the basket of composite on which the dialogue to be initiated between India and Pakistan. The CBMs were essential conditions to create the congenial environment for negotiating the contentious issues pertaining to their bilateral relations ranging from Kashmir to terrorism. Both India and Pakistan started various CBMs in the form of starting buses and rail services, relaxing the visa conditions, revived various trade routes and thereby to reduce the trust deficit that they have accumulated over the period of time. Despite many rounds of composite dialogue, they could not resolve the contentious issues. Stephen Cohen argues that the terrorism is the core issue for India, Kashmir for Pakistan and nuclear security and stability for the international community. These tectonic plates crash up against each but cannot mesh comfortably. India and Pakistan are not willing to compromise their respective positions on the critical issues pertaining to their bilateral relations.

The present NDA dispensation has given top priority to neighbourhood in India's foreign policy and has been seriously attempting to normalise its relations with Pakistan which is known as its most difficult neighbour. Due to the unpredictable and aggressive behaviour of Pakistan, various Indian governments ranging from the Prime Minister Nehru to the Prime Minister Narendra Modi

could not evolve a consistent policy towards Pakistan and still India-Pakistan relations are operating in the Hindu-Muslim communal mould that led to India's partition on the basis of two-nation theory. Instead of pragmatism, the ideological and territorial nationalisms have been shaping their behaviours towards each other. Although the present Prime Minister Narendra Modi came to power talking tough about Pakistan in his election campaign, but after assuming power, he could not succeed to evolve consistent and coherent policy towards Pakistan. His Pakistan policy has already lost both direction and purpose as he has failed to learn lessons from his predecessors as argued by Brahma Chellaney because Pakistan has been continuing to use terrorism as an instrument of its India policy. According to John Cherian, the blow-hot-blow-cold approach of the National Democratic Alliance (NDA) to Pakistan was in fact evident as soon as it assumed power in New Delhi in May 2014. The bilateral relations reached at the stalemate after the cancellation of the Foreign Secretary level talks and the situation deteriorated along the Line of Control. More than 500 times ceasefire violations have been noticed along the LOC since the present NDA government assumed office.

1.2.2.3 Further Deterioration of Indo-Pak Relations

The militant attack on 18 September 2016, which killed many security persons, led to further deterioration of Indo-Pak relations. Following the 2016 attack on Indian forces, India carried out limited military operations across the Line of Control (LoC) on terrorist infrastructure, which were known as “surgical strikes.” Although India had carried out strikes in the past, these were stronger, more coordinated raids.

The deterioration in relation led to intense cross-border firing by both Indian and Pakistan security forces which destroyed the houses, livestock and crops of people living near border areas. The aggressive invocation of cross-border firing is further testimony to the deteriorating relationship. The peace that prevailed across the borders almost for a decade, which brought a bit of comfort to the people who are living along the border, has broken and frequent firing between the two security forces is new normal in recent days.

More seriously, on February 14, 2019, the Pakistan-based outfit Jaish-e-Mohammed (JeM) killed over forty Indian paramilitary personnel in Pulwama. The Indian government responded with an air strike on a JeM camp in Balakot, in Pakistan's Khyber Pakhtunkhwa Province. The following day, the Pakistani government hit back with an air strike, resulting in aerial combat that led to the downing of an Indian aircraft and the capture of its pilot, Wing Commander Abhinandan Varthaman. India has claimed that its air force shot down a Pakistani F-16 as well. On March 1, the Pakistani government returned the pilot to India as a "gesture of peace," which appears to have calmed the situation for now. However, India's use of air power constitutes a qualitatively different response from its actions in the past. With Pakistan responding in kind, a new and higher threshold for limited military action has been established.

The revocation of Article 370 in August 2019, which gives special status to Kashmir, by the Union government in India further dashed any hope to restore normalcy between two neighbours. The move angered Pakistan, which downgraded diplomatic ties with India and expelled the Indian High Commissioner. Pakistan also snapped all air and land links with India and suspended trade and railways ties.

The 2019 also witnessed the two countries fighting a legal battle in the International Court of Justice in The Hague over the issue of Kulbhushan Jadhav, an Indian national facing death sentence in Pakistan. The verdict failed to change anything on the ground except that India got much sought consular access. Pakistan had repeatedly denied the consular access to India.

Despite these deteriorating relations in many fronts, however, the Kartapur corridor was operationalised on time in November 2019 to mark the 550th Birth anniversary of Guru Nanak Dev. In November, Pakistan and India separately inaugurated the historic Kartarpur corridor on their sides of the border. Unfortunately, the goodwill generated by it could not be channelised into building trust and end the lock-jam in bilateral ties.

A significant change in the bilateral India-Pakistan relationship can only occur if Pakistan moves decisively against the terrorist organizations operating out of its territory. If terror attacks on India persist, it may be difficult for any Indian government to exercise restraint, as in the past. Now that air strikes have been established as an acceptable use of force, it may become politically difficult for any Indian government to refrain from using them or even to resist opting for deadlier strikes.

1.2.3 INDIA'S BANGLADESH POLICY: EMERGING TRENDS AND CHALLENGES

India was the first country to recognize Bangladesh as a separate and independent state and established diplomatic relations with the country immediately after its independence in December 1971. India's links with Bangladesh are civilisational, cultural, social and economic. There is much that unites the two countries—a shared history and common heritage, linguistic and cultural ties, passion for music, literature and the arts. This commonality is reflected in our multi-dimensional and expanding relations. India and Bangladesh's geographical locations complement each other and present an opportunity for both to further develop their connectivity links and economies.

Bangladesh has been an important country in India's foreign policy agenda for two major reasons: first due to India's role in the creation of Bangladesh and second, Bangladesh is the only South Asian country that has been sharing longest border with India. India is equally important for Bangladesh as major portion of Bangladesh's territory is surrounded by the Indian states. That is why Bangladesh is also described as India locked because it shares 90 per cent of its international border with India. Further Bangladesh has maritime access through the Bay of Bengal where India has tremendous naval presence. But India's northeast region is also Bangladesh locked which is forcing New Delhi to seek transit route to this region through the territory of Bangladesh.

The structure of India-Bangladesh relations has provided in the Treaty of Friendship, Cooperation and Peace signed by both the countries on March 19, 1972. Initially, India's relations with Bangladesh were cordial as the later was treating the former as role model apart from the convergence of their worldviews during the tenure of Sheikh Mujib-ur-Rehman. During Majib period, India and Bangladesh concluded agreements to resolve certain outstanding issues, including water sharing and land border agreements in 1974. India was expected that Bangladesh would remain indebted to India for its role in helping Bangladesh to achieve independence; however it did not happen. Regime change in Bangladesh happened in August 1975 had proved as a major setback to India-Bangladesh relations. Military coup resulted into the praetorian rule in Bangladesh under the leadership of General Zia-ur-Rehman. General Zia preferred India over Pakistan in Bangladesh's foreign policy agenda. Bangladesh started cultivating Pakistan to counter balance India because, like other small South Asian states, Bangladesh started looking at India as a potential threat. Consequent upon that the differences have deepened while the convergences have got marginalised.

1.2.3.1 Issues of Contention in Indo-Bangladesh Relation

Territorial and water disputes had shaped India's policy towards Bangladesh for couple of decades. Illegal migration of Bangladeshi people to India and insurgents operating in North-eastern India continued to get shelter in Bangladesh have always shaped India's Bangladesh policy. These two issues continued to be bone of contention in their bilateral relations. Besides this, the anti-Indian sentiment started taking shape during Zia Regime and consolidated subsequently. General Zia was succeeded by General Ershad but Bangladesh's relations with India remained strained and stressful. Major factor for their tense relations was the pro-Pakistan and anti-Indian mind-set of praetorian regimes and India's criticism of praetorian regimes in Bangladesh. Further Bangladesh's attempt to woo an-extra regional power, like China, to prevent India from assuming regional supremacy in the South Asian region also strained the relations. China has already been ready to grab this role because it only enhances Beijing's influence in South Asia apart from keeping New Delhi bogged down in regional

affairs and undermines New Delhi's efforts to become a global player. In General Zia-ur-Rehman's world view, the idea of balancing India takes predominance over the cordial relations with India. He put forward the proposal of South Asian Regional Cooperation before the other South Asian nations. Basic motive behind this proposal was to create a multilateral forum to handle India in South Asia because at the bilateral level all the South Asian states were not capable to influence India in their favour. In other words, the idea of regional cooperation in South Asia was the product of small nations psyche syndrome and Bangladesh was pioneer in the articulation of the idea of SAARC which was conceived as an instrument to collectively deal with India. In 1977, India agreed on the principle of equitable sharing of Ganga water between New Delhi and Dhaka, however, the construction of Farakka Barrage by India on that river made the Bangladesh apprehensive of getting the desired share of downstream water during the dry months. It took quite long time to give effect to the agreed principle as both the parties had developed divergences of perspective on the Ganga river water dispute. India insisted on the bilateral approach to resolve the water dispute whereas Bangladesh attempted to internationalise. The divergent positions of both the parties delayed the final resolution of Ganga river water dispute and it was finally resolved by signing the Ganga River Water Treaty by India and Bangladesh in 1996.

However, with the revival of democracy in 1990, the political context in Bangladesh changed which resulted in change in India's policy towards it though the binary nationalism of Bangladesh continued to operate as a constraint for closer relations. Though the Awami League advocated Bengali nationalism, yet India-Bangladesh relations remained cordial whenever it formed government at Dhaka. New Delhi realised that India is being perceived close to Awami League in Bangladesh. In order to change this perception, when Bangladesh Nationalist Party (BNP) assumed power at Dhaka in 2001, India sent a special emissary to Dhaka to assure new regime that New Delhi had no political favourites in Bangladesh and its domestic politics was not India's concern. India-Bangladesh Friendship Treaty of 1972 that laid down the overarching framework of their

relations was due for renewal in 1997 but the Hasina government refused to renew it because this treaty was considered as an instrument of Indian domination.

Another issue that shaped India's Bangladesh policy was the problem of 111 Indian enclaves in Bangladesh and 51 Bangladeshi enclaves in Indian territory. This problem was the outcome of partition that Bangladesh inherited from Pakistan. However, in the 1974 Land Boundary Agreement both the countries agreed to transfer these enclaves but actual transfer of these enclaves is yet to happen. Pending that a makeshift arrangements have been made like the *Tin Bigha Corridor* that allowed Bangladesh to use Indian territory on lease to establish connectivity with its Dahagram-Angorpota enclaves, where a flyover or an underpass needs to be built to allow round the clock access. In 2015, the Indian Parliament's ratification of the India-Bangladesh Land Boundary Agreement, settling a long pending complex border dispute has profound implications for their bilateral relations. The Parliament of India has passed the 100th Constitutional Amendment with unanimity on May 6th and May 9th 2015 in the Rajya Sabha and Lok Sabha respectively to implement the Bangladesh-India Land Border Agreement of 1974 and the 2011 Protocol. It is historic and game-changing development in India-Bangladesh relations. In addition to this, the maritime issue also shaped India's policy towards Bangladesh as the issue of the demarcation of maritime boundary assumes importance due to contested Exclusive Economic Zones and thereby the possession over natural gas reserves in the Bay of Bengal.

Illegal migration from Bangladesh to northeast India has always remained a key determinant of India's Bangladesh policy. Such immigration accentuates the fear of a vicarious design and gives meaning to Maulana Bhasani's idea of a sovereign state of Bangassam which will undermines India's territorial integrity. Attempt to stop infiltration had resulted in trespassing and trespassers being killed at the border in some areas and the Border Security Force (BSF) of India has been accused for that. The Border Guard Bangladesh did not make serious efforts to stop illegal immigration into India. Indian government has always raised this

issue of illegal immigrants with Bangladesh but the latter most often denied it. The long land border coupled with a number of makeshift gateways has always made India a natural choice for the immigrants. Illegal immigrants further helped the smugglers and the terrorists to enter into Indian territory posing a real time security challenge to India. Further domestic resentment against Bangladeshi immigrants in the Northeast Indian region has become widespread and it has already disturbed the inter-community relations. Main opposition BJP criticised India's policy towards Bangladesh during the rule of UPA-I and UPA-II by arguing that the Congress led UPA policy towards Dhaka in general and illegal immigration in particular was motivated by the need to appease minorities rather than to serve India's national interest. The opposition party extensively used verdict of the Supreme Court of India that struck down the Illegal Migrant Act (IMDT) as unconstitutional.

Over the period of time India learnt that the perception that it is closer to Awami League in Bangladesh is detrimental to its foreign policy objectives. In order to correct that perception, India had made several efforts, particularly when BNP came into power in 2001. New Delhi sent its special emissary to Dhaka to assure the BNP government that India has no political favourites in Bangladesh. But this move of New Delhi failed to bring any change in BNP regime's attitude towards India. During the BNP rule in Bangladesh from 2001 to 2007, the overt hostility of Dhaka towards New Delhi reached at unprecedented height. Despite the growing divergence between the BNP ruled Bangladesh and India, they had succeeded in resolving the complex Tin Bigha territorial dispute in 1992 and the Ganga River water dispute in 1998.

Yet, as since India and Bangladesh share waters of several common rivers, the water disputes are bound to occur. Origin of water disputes are related with the Treaty of Peace, Friendship and Cooperation (1972) because under this treaty India and Bangladesh established a Joint River Commission to decide the sharing of water resources. India constructed the Farakka Barrage on the Ganga River in 1975 to flush out the Hoogly River near Kolkata and to keep the port functional. Bangladesh protested that it did not receive an adequate share of the

Ganga water during the lean seasons and got flooded during the monsoons when India released surplus water. India and Bangladesh signed water sharing agreement in November 1977 that was lapsed in 1982 without solving their disputes. India and Bangladesh signed a comprehensive treaty on December 12, 1996 that has the validity for thirty years with assured minimum quantities of water supply for Bangladesh as latter's rights as a lower riparian state were acknowledged in this agreement. However, the water disputes between India and Bangladesh did not resolve with Ganga River Water Treaty of 1996 because the water scarcity was always experienced by both the parties in the lean season regarding Teesta River too. Therefore, the leadership of both the countries agreed in January 2010 to hold discussion to resolve water disputes on Teesta, Feni and other six rivers within a year. Dhaka drafted the Interim Agreement and New Delhi prepared the draft of a Statement of Principles on sharing of river water in the lean season. It was expected that during the visit of India's Prime Minister Manmohan Singh to Bangladesh in September 2011, the Teesta water dispute would be resolved but due to the opposition of the West Bengal, Chief Minister Mamta Bannerjee the same did not happen as per schedule. However, the good offices used by the Centre to convince the West Bengal government resulted in the conclusion of historic agreement in 2015.

In addition to the water dispute, the border dispute is another issue which has been shaping India's Bangladesh policy as India and Bangladesh are sharing 4096 kms long border and out of that 6.5 kms of land along Comilla-Tripura border is considered disputed by both the countries. Most prominent territorial disputes between India and Bangladesh were on the Tin Bigha Corridor, New Moore Islands and Muhuvir Char dispute. Out of three, the *Tin Bigha* dispute around Indian corridor was resolved in 1992 which would connect Bangladeshi enclave with the rest of its territory.

Further anti-India mind-set in Bangladesh also continues to bother India's Bangladesh diplomacy. Anti-India sentiment got further accentuated with rise and consolidation of orthodox Islamic forces. This anti-Indian sentiment has been nurtured by the BNP to consolidate its support base in the domestic politics of

Bangladesh. Whenever, the Awami League (AL) government tried to improve relations with India, it was always interpreted as a policy of appeasing India. Due to the prevailing atmosphere in Bangladesh, those who emphasise friendship with India always carry the risk of being termed as a satellite of India. The BNP has always charged the AL regime for pursuing a subservient foreign policy to India. However, India has always been more comfortable in dealing with Bangladesh whenever the Sheikh Hasina led AL government has been in power at Dhaka because of its secular credentials and lack of hostility towards India.

1.2.3.2 Improvement in Relations

Notwithstanding the prevailing environment, neither India can afford to ignore Bangladesh as it shares long land and maritime boundary in addition to Bangladesh locked status of Northeast nor can Bangladesh ignore India as the former is India locked. Their geographic location has been playing decisive role in shaping their policies towards each other. Although Bangladesh has always been scared of India's economic capabilities as it has been suffering from trade deficit vis-a-vis India but India has been using aid as an instrument of its Bangladesh diplomacy. In 2010, India extended \$ 1 million credit to Bangladesh to develop infrastructure and also eased import restrictions on some of the items. Yet, the political considerations have always over-ruled the rationale of economic relations between India and Bangladesh.

To further improve its relations with Bangladesh and to encourage people to people contact, India agreed to resume railway services between Kolkata and Dhaka which got suspended during the Indo-Pakistan war of 1965. However, the people to people contacts have limited potential; though they can generate goodwill, their impact on the policies of India and Bangladesh is limited. Rarely people to people contacts can be translated in the form of tangible gains on the count of policy choices and options. India has already experienced that the people to people contacts promoted by India and Pakistan from 2003-2008 could not generate enough political capital to shape their policies favourably towards each other. India has always found the cultural affinity with Bangladesh as an effective

instrument of its Bangladesh diplomacy but it had always backfired because it perceived as threat to Bangladesh's national identity.

Radicalization of Bangladeshi society has become a cause of concern for India's policy makers during the last couple of decades as it has far reaching implication for New Delhi. Due to that Bangladesh has become safe haven for the terrorists and Islamic radicals who have been operating against India, particularly in the Northeast region. On the other hand, Bangladesh is also accusing India for supporting people of Chittagong Hill Tracts against Dhaka.

In order to strengthen India's relations with Bangladesh the Prime Minister of India, Manmohan Singh visited Bangladesh in 2011. During his visit the countries signed a Comprehensive Framework Agreement on cooperation for development to boost cooperation on wide range of areas of trade, investment and economic cooperation. In 2013, India started exporting 500 megawatts of electricity per day for the next 35 years. The UPA government continued to take such initiatives to cement its relations with Dhaka. The Prime Minister of India and Bangladesh inaugurated the Bharat-Bangladesh Vidyut Sanchalan Kendra at Bheramara on October 5, 2013. During the visit of Prime Minister of India, Narendra Modi to Dhaka in 2015, India and Bangladesh signed 22 agreements and a joint declaration that laid down the future roadmap for the future course of India-Bangladesh relations. Further India has also announced a line of credit of \$2 billion to Bangladesh that will be used for developing public transport, roads, railways, island waterways, education and health.

1.2.3.3 Trade Relations

Bangladesh is an important trading partner for India. The two-way trade in FY 2012-2013 was US \$ 5.34 billion with India's exports to Bangladesh accounting for US \$ 4.776 billion and imports US \$ 0.564 million with the duty free access given by India to Bangladesh for all items except 25. Two border haats are already operational with a few more on the anvil along the India-Bangladesh border. Investment by Indian companies (Airtel, CEAT, Marico etc.)

in Bangladesh continues to grow with the signing of bilateral Investment Promotion and Protection agreement. For the first time in their post-independence history, India and Bangladesh have established inter-grid connectivity for the flow of bulk power from India to Bangladesh. Prime Ministers of both the countries inaugurated the grid-connectivity; Bangladesh has started importing 500MW of Power from India since October 2013.

1.2.3.4 Recent Positive Developments

The year 2015 had been very significant for the Indo-Bangladesh relations. The two neighbours achieved breakthroughs in many areas, including implementation of the Land Boundary Agreement (LBA), granting of transit facilities to India's isolated North Eastern states, broadening of cooperation in the energy sector, expansion of economic and security cooperation, increase of bilateral trade and signing of several agreements especially upgradation of connectivity and opening of new bus routes.

Modi's ground breaking visit to Dhaka on June 6-7 took the India-Bangladesh ties to a new height. Both the sides inked as many as 22 agreements related to road, railways, waterways, business, security, trade, infrastructure, communication, science and technology and cultural cooperation during the Indian premier's stay in the Bangladesh capital. He held wide-ranging talks with Bangladesh Prime Minister Hasina covering the entire gamut of ties and exchanged ideas with her to strengthen them further.

Significance of LBA

The passage of the Bill ratifying the 1974 India-Bangladesh Land Boundary Agreement (LBA) is a sign that India's 'neighbourhood-first' policy is beginning to work. The LBA's unanimous endorsement is seen in Bangladesh as an affirmation of the general attitude of friendliness towards it in India. It reflects the resolve of India's leadership to be fair towards a country that has demonstrated goodwill for India by taking action against insurgent leaders sheltering within its territory,

as also its readiness to partner India on mutually supportive connectivity and infrastructure initiatives.

India's decision to opt for international arbitration to settle her maritime boundary with Bangladesh was a similar gesture of goodwill. It signified a deliberate, a priori relinquishment of its claims on the disputed waters, nearly 80 per cent of which have gone to Bangladesh. Negotiations could never have settled this matter since the India-proposed median line was drawn in a way – taking account of the concave configuration of the coast – that the Bangladeshi waters got confined to a narrow triangle between India and Myanmar.

Better Border Management

The operationalisation of the LBA would also facilitate effective management of the 4,096 km-long India-Bangladesh borders, plagued by smuggling, trafficking in arms, drugs and people, illegal immigration and many other illegal activities. During Modi's visit, New Delhi and Dhaka signed a MoU for the prevention of human trafficking and ensure speedy investigation and prosecution of traffickers and organised crime syndicates in either countries. A joint task force of India and Bangladesh would take coordinated action against individuals and agents involved in human trafficking.

In an attempt to bring in more synergy in coordinated border management, border-guarding forces of Bangladesh and India conducted their first-ever joint exercise in the riverine borders of the Sundarbans. The exercise between the Border Security Force (BSF) and the Border Guard Bangladesh (BGB) commenced with troopers, including dog and bomb squads, from both the forces carrying out joint searches of cargo vessels on the Ichamati river.

Joint Fight against Terrorism

One noticeable aspect of the warm and friendly ties between India and Bangladesh has been the growing security cooperation. Both the sides face the common threat of terrorism and they have intensified their collaboration in the

aftermath of the October 2014 Burdwan blast. Both the countries agreed to institutionalise joint mechanisms for fighting terrorism. During his visit to Bangladesh, India's Foreign Secretary S. Jaishankar stated that India and Bangladesh will "work together" to combat terrorism. After a meeting with his Bangladesh counterpart, the Indian foreign secretary told that the two countries would "further strengthen their existing counter-terrorism structure. I am also here to convey the government of India's strong support to Bangladesh as it is battling terrorism and extremism. This is an issue of direct concern for us as a neighbour."

India and Bangladesh cooperation is achieving new heights as days pass by as developments are indicating. For instance India on March 24 began supplying electricity to Bangladesh in return for internet bandwidth that will help connect its North- Eastern states, a move that Prime Minister Narendra Modi described as historic. India will supply 100 megawatt of electricity in return for 10 gigabits per second internet bandwidth. Modi and his Bangladesh counterpart Sheikh Hasina launched the twin links through video conference.

Sheikh Hasina's India Visit, 2019: Important Developments

Bangladesh Prime Minister Sheikh Hasina's visit to India in October 2019 was a positive step in the relationship between India and Bangladesh and the biggest highlight of relations between Delhi and Dhaka in 2019. Despite some pending issues, at present, Indo-Bangla relations are at their historical best.

The seven pacts and three projects that were signed and finalised during the visit of PM Hasina highlight the transformation of the relationship between the two countries. India and Bangladesh are now a model of good neighbourliness—the agreement to supply gas to Tripura, and the use of the Chattogram and Mongla ports to serve the north-east states is a result of the goodwill between the two countries. The agreement for a skill development centre in Bangladesh to train the youth is another example of strong ties.

The main aspects of the India-Bangladesh Joint Statement during the official visit of Prime Minister of Bangladesh to India on 5 October, 2019 are efforts on border security and management, and how both countries are working towards a win-win partnership. These points include closer coordination between border forces to bring down the loss of civilian lives; simplifying people-people movement and entry/exit in checkpoints at Akhaura (Tripura) and Ghojadanga (West Bengal); closer cooperation against extremist and radical groups, terrorists, smugglers, smuggling of fake currency, and organized crime; a bilateral Comprehensive Economic Partnership Agreement, discussions on Integrated Check Posts; enhancing cooperation in the area of disaster management; withdrawal of port restrictions traded through Akhaura-Agartala port; discussions on anti-dumping / anti-circumvention duties imposed on multiple products, including on just products, from Bangladesh to India; and increasing the number of Border Haats to 12.

Other efforts such as to boost connectivity over all through the BBIN Motor Vehicles Agreement, and to strengthen railways, buses and flights connectivity; the signing and implementation of the Framework of Interim Agreement for sharing of the Teesta waters; an early start of the work on withdrawal of 1.82 cusec of water from Feni River for drinking purpose of the people of Sabroom town of Tripura; harnessing defence cooperation; consolidating development cooperation; energy cooperation; education and youth exchanges; cultural cooperation; and joint efforts to assist forcibly displaced persons from the Rakhine State of Myanmar.

Then it is not surprising that India's Prime Minister Narendra Modi, in his video message to mark the birth centenary celebrations of Sheikh Mujibur Rahman, said India and Bangladesh have scripted a golden chapter of bilateral ties, and given new dimension and direction to their partnership due to increasing trust between the two nations. He said that this is because of increasing trust between the two countries that we have been able to amicably resolve complex issues such as land boundary and maritime boundary.

To sum up, Bangladesh is all set to graduate out of the Least Developing Countries. India's continued partnership with Bangladesh benefits both countries. New Delhi must keep up the partnership that allows for economic growth and improved developmental parameters for both countries. The strong mutually beneficial partnership between India and Bangladesh must deliver on its promise. It is welcome that the government has assured Bangladesh that the National Register of Citizens will not affect Bangladesh. It is important to address specific issues like Teesta and to respond to Dhaka's call for help on the Rohingya issue.

1.2.4 INDIA'S AFGHANISTAN POLICY

Afghanistan connects South Asia, West Asia and Central Asia with each other through land routes. History of Indian civilization indicates that Afghanistan was an important country for India. Its geopolitical location has further enhanced its strategic importance for India. Before the partition of Indian sub-continent, Afghanistan was India's next door neighbour. India lost the physical connectivity with Afghanistan thereby it could not figure the way it should have figured in India foreign policy agenda. India supported successive governments in Kabul until the rise of Taliban in 1996. India's influence waned in Afghanistan from 1996 to 2001 when Pakistan supported Taliban regime was in power in Kabul. During the Taliban regime, New Delhi provided assistance to anti-Taliban forces consisted of Northern Alliance comprised of Tajik and other non-Pashtun ethnic groups. Since early 1990s, Afghanistan started assuming significance in India's security concern as the former became the breeding ground for the perennial source of insecurity in the form of terrorism. After 9/11 happenings in United States in 2001, Afghanistan was identified as a theatre of Global War on Terror (GWOT) as the Taliban regime in Kabul was not only supporting the Al Qaeda but also its leader Osama bin Laden was hiding in Afghanistan. Although 9/11 killed many people in US but it was positive development for New Delhi, because before that neither the international community nor the US was agreeing to India's viewpoint that terrorism is a transnational threat to humankind and it requires international community to united fight against it. As Pakistan was supporting the

Taliban Regime in Kabul that in turn was supporting Al Qaeda, New Delhi was insisting that Pakistan should be declared as a terrorist state by the international community. But it did not happen; instead the US took Pakistan on board to fight its GWOT in Afghanistan. Pakistan became the frontline state in US strategy of GWOT and thereby involved in the high politics, whereas India has been involved in the low politics of Afghanistan dealing with economic, social and political reconstruction of Afghanistan.

1.2.4.1 Changing Dynamics of India's Afghan Diplomacy

9/11 happenings followed by the US led GWOT resulted in the strengthening of India-Afghanistan relations. India has restored full diplomatic relations, and has provided millions of dollars in aid for the reconstruction and development of Afghanistan. Pakistan perceives India's growing influence in Afghanistan as threat to its interests in Af-Pak region. When India opened consulates in Herat, Mazar-e-Sharif, Jalalabad and Kandahar, Pakistan charged that these consulates provide cover for Indian intelligence agencies to run covert operation against Pakistan as well as foment separatism in Pakistan's Baluchistan province of Pakistan. India also blames Pakistan's Inter-Service Intelligence (ISI) and its support of the Talibans, for attacks on Indian personnel working for reconstruction projects in Afghanistan, especially on those working on road-building projects. Further Pakistan also competes with India for access to consumer markets in Afghanistan. Pakistan perceives Iran's Chabahar port, which India is expected to use as a trade route with Afghanistan, as a rival that would compete with its new port at Gwadar, which has been built with Chinese assistance.

1.2.4.2 Objectives of India's Afghan Policy

First and the most important objective of India's Afghanistan policy was to deal with the security threat originating from Afghanistan in the form of terrorism. The volatile situation in Afghanistan has become a perennial source of insecurity for India particularly in Kashmir. The terrorist outfits operating against

India in Kashmir are located in the Af-Pak region. To counter that India seeks a peaceful and stable Afghanistan with a broad-based government enjoying legitimacy and confident enough in formulating its foreign and national security policies. India supports the inclusive governance and inclusive police, paramilitary and military consist of all the ethnic groups of Afghan society rather than their domination by one or more ethnic groups. India's strategic objective in Afghanistan is assist in the capacity building efforts of the Afghan National Security Force that includes training and to ensure the supply of war-like stores as it is essential for the security of Afghan people and the protection of Indian assets, infrastructure and professionals participating in the reconstruction of Afghanistan. To deal with terrorism effectively and efficiently New Delhi and Kabul are cooperating in the domain of intelligence sharing.

The political objective of India's Afghanistan policy is to ensure orderly transition to a democratic and stable state in Afghanistan that is: free from foreign influence and capable to ensure stability; it does not allow Afghanistan to become a base and safe heaven for terrorists and terror infrastructure; countering Pakistan's agenda of seeking strategic depth in Afghanistan.. Afghanistan is strategically significant for India-as it is a gateway to energy rich Central Asian states such as Turkmenistan and Kazakhstan. For New Delhi, Afghanistan is a potential route for access to hydro-carbon energy resources of Central Asian States. Previously with an observer status and now as a full-fledged member of the Shanghai Cooperation Organization (SCO), India has been pursuing better relations with the Central Asian States for energy cooperation. India and Afghanistan trade has been on rise. At present, Pakistan has allowed Afghanistan transit rights for its trade to India but does not allow goods to move from India to Afghanistan. India hopes that its investment in the Iranian port at Chabahar will allow it to gain access to Afghanistan bypassing Pakistan

1.2.4.3 Instruments of India's Afghanistan Policy

India has been using various tools to realize its policy objectives in Afghanistan ranging from diplomacy to soft power. Economic aid, soft power

and capacity building tools have been remained the main instruments its Afghanistan Policy. These tools are deployed simultaneously to realise its policy objectives.

Aid Diplomacy

India has not only been an important participant in the social and economic reconstruction of Afghanistan but has also provided economic aid to ensure the all-round of the latter. India has funded major reconstruction projects and invested \$ 2 billion in Afghanistan. It has spent funds on the building of 218 kms long Zaranj-Delaram road connecting the Iranian border with the Garland highway, electric power lines including one from the Central Asian States (CAS) to Kabul, hydroelectric power projects, school buildings, primary health centres, hospitals and the new building for the Afghan Parliament. India has also been involved in the capacity building programme by way of providing training to Afghan administrators, military & para-military personals, teachers, doctors and para-medical staff. Since 2001 India has been using aid as an instrument of its policy towards Afghanistan. India has been involved in the low politics of Afghanistan. Further with inclusion of Afghanistan as a member of South Asian Association for Regional Cooperation (SAARC), the political argument for treating Afghanistan as an integral part of India's neighbourhood stands reinforced. Major objective of India's policy has been to establish political stability and to establish liberal democratic state in Afghanistan. Socio-economic reconstruction has been a long term measure to construct liberal state in Afghanistan. Besides this, New Delhi and Kabul has convergence of interests in the strategic domain. To materialise that India signed an agreement on Strategic Partnership with Afghanistan in October 2011 which envisages close political cooperation with a mechanism for regular consultation. In this agreement, both sides agreed to initiate a strategic dialogue to provide a framework for cooperation in the domain of national security. Their security cooperation is intended to fight against transnational terrorism, organised crime, drug trafficking and money laundering.

Capacity Building and Soft Power

New Delhi also agreed to assist in the training, equipping and capacity building programmes for Afghan National Security Forces. India has committed to provide assistance for Afghanistan's reconstruction and development programmes and capacity building particularly in the area of governance, education, health and technical training. India's efforts to provide assistance are hampered by the lack of physical connectivity, the presence of Haqqani Network and Pakistan's misapprehensions about India's role in Afghanistan. Besides this, India soft power is its greatest asset in Afghanistan because Indian television and films are very popular in Afghanistan. India remains extremely popular with both Afghan State and its people due to its soft power initiatives in the war torn country.

1.2.4.4 Karzai Administration and India's Afghan Diplomacy

Karzai Administration was friendly towards India. During his regime, India's relations with Afghanistan got intensified and diversified. India started playing critical role in the reconstruction of Afghanistan society, economy and polity. In the Karzai Administration, the relations between the two countries were improved but in the second term of his Presidency the relations were much better. Karzai has had 14 official visits to India. The close cooperation between the two countries gradually elevated to the strategic level when New Delhi and Kabul signed the strategic partnership agreement in 2011.

1.2.4.5 India's Afghanistan Policy during Ghani Regime

Afghanistan's new President Ashraf Ghani has made it clear that his top priority is an outreach to Pakistan to seek its influence in bringing the Taliban to the negotiation table for peace talks and ultimately to end its support to the Taliban and thereby providing stability to Afghanistan. Ashraf Ghani regime is convinced that Pakistan has unavoidable influence on the Taliban leadership and thereby has indispensable role in peace settlement. Hence, Pakistan has become a priority for Afghanistan. Indian strategic community was surprised when President Ghani told the India's National Security Advisor, Ajit Doval, that Afghanistan would no longer seek Indian military aid. The perception that Afghanistan is distancing

itself from India was strengthened further when President Ghani visited China on his first official foreign visit that indicated an increasing involvement of China in Afghanistan. It appears that Pakistan and China are emerging major players in Afghanistan in the post NATO withdrawal phase. President Ghani's decision to engage with Pakistan at unprecedented level, particularly on counter-terrorism and military cooperation is not something sudden. Rather, former President Karzai himself planted the seeds for this cooperation. Since the coming of Ghani dispensation in power, Afghanistan and Pakistan have taken a slew of measures to strengthen cooperation. Ghani strongly believes that peace in the country cannot be achieved without Pakistan playing a role. New Delhi was taken by surprise when China entered as a mediator between Kabul and the Taliban. In November 2015, the Chinese diplomats reportedly visited Peshawar to push ahead the mediation process. Taliban delegation flying to China for talks was recently confirmed and their dialogue with Ghani government was expected to start shortly. These talks are also having the blessing from Washington. However, India enjoys unique position of having excellent relations with both Afghan State and people as it has spent millions of dollars on education, agriculture and power projects but New Delhi does not hold influence on Pakistan when it comes to Afghanistan. Rather both are placed in a binary equation and involved in a clandestine turf war in Afghanistan that has irritated President Ghani.

1.2.4.6 New Delhi's Policy Option in Afghanistan

In this context a fundamental question arises regarding India's role and policy options in Afghanistan. At present the Indian government appears to be pursuing wait and watch policy in Afghanistan, not seeking to push the Ghani government in any way, nor attempting to disrupt the prospect of talks or the reconciliation process. The President of Afghanistan paid a state visit to India on the invitation of India's President Pranab Mukherjee on April 27-29, 2015. In the joint statement issued on April 28, 2015, both leaders affirmed their commitment to patiently and systematically work towards strengthening of the India-Afghanistan Strategic Partnership, with a clear focus on the long term

relations between the two countries. The two leaders also reviewed the progress made so far in the implementation of all areas of cooperation envisaged under the strategic partnership agreement and reaffirmed their commitment to the full implementation of the strategic partnership objectives through its established implementation mechanism of partnership council and its related technical working groups. The Indian Prime Minister assured the President Ghani of India's abiding support for Afghanistan's ongoing crucial transitions, political, economic and security, for the decade of 2015-2024 and beyond. President Ghani reiterated Afghanistan's perspective on the foundational nature of Afghanistan's ties with India, and the fact that India figured in four of the five 'circles' of Afghanistan's foreign policy priorities. Both sides reaffirmed their commitment to each other's unity, integrity and sovereignty, while agreeing that their territories will not be allowed to be used against any other country. Both leaders agreed that there is no justification for terrorism. In this context, the two leaders also welcomed the decision of US President to extend the draw-down of US troops till the end of 2016. Recognizing the special role that India has been playing in the reconstruction of Afghanistan through its capacity building programmes. President Ghani welcomed India's decision to extend the 1000 scholarships per year scheme by another 5 years till the academic session 2021-22. Two leaders agreed to work together for their shared goal of bringing reforms to the UN system and Prime Minister Modi thanked President Ghani for Afghanistan supporting and co-sponsoring the G-4 resolution on UN reforms, including the expansion of UN Security Council.

President Ghani believes that India's private sector as a "key partner in transforming Afghanistan from an area shadowed by conflict to a hub of development wherein goods, ideas and people can flow in all directions". Indian Prime Minister Narendra Modi first visited Kabul on December 25, 2015 to inaugurate the building of the new Afghan Parliament. India has spent \$ 220 million in the construction of the building for new Afghan Parliament and \$ 300 million on Salma hydroelectric dam. Indian Prime Minister also gifted four Mi-25 attack helicopter to Afghan Air Force during this visit.

The pertinent question arises is that how India has been serving its policy objectives in Afghanistan. New Delhi has been realising its policy objectives in Afghanistan in the following manners. First, as India enjoys lot of goodwill amongst the people of Afghanistan that has been helping New Delhi to secure its primary interest by the way of establishing secure, strong and democratic state in Afghanistan to prevent an extremists takeover which could fuel the spread of terrorism in Af-Pak region. Second, India's economic and political investment in Afghanistan provides another great opportunity for strengthening bilateral relations with Afghanistan. India's winning of a contract for estimated reserves of \$ 1.8 billion tonnes of iron ore at Haji Gak by the consortium of Indian firms led by the Steel Authority of India Limited (SAIL) may galvanise Indian support in Afghanistan. Third, since India lacks direct physical connectivity with Afghanistan and Pakistan is unlikely to provide India direct land transit to Afghanistan, Iran has become a crucial factor in India's Afghanistan policy as it has got indirect access to Afghanistan through the Chabahar Port of Iran. In 2013, India committed \$ 100 million to upgrade its facilities at Chabahar port in South-eastern Iran and also assisted Kabul in building roads to the Iranian border. According to a memorandum of understanding (MOU) signed by India and Iran on May 6, 2015, India is to equip and operate two berths in Chabahar Port Phase-I with capital investment of \$ 85.2 million and annual revenue expenditure of \$ 22.9 million on a ten year lease. During the recent visit of the Chief Executive of Afghanistan, Abdullah Abdullah to India from January 31st to February 4, 2016, India and Afghanistan agreed to develop connectivity through Chabahar port in Iran on priority.

1.2.4.7 Recent Developments

Afghan CEO Abdullah Abdullah visited India from January 31 to February 4, 2016, and held discussions on bilateral, regional and global issues including the security situation and reconciliation process in Afghanistan. An Agreement on Exemption from Visa Requirement for Holders of Diplomatic Passports was signed between the two countries.

Indian Prime Minister Modi visited Herat in western Afghanistan in June 2016 and jointly inaugurated with Ghani the Afghan-India Friendship Dam, earlier known as the Salma Dam. The Salma Dam is expected to help Afghanistan capitalize on opportunities thrown open by operationalization of the Chabahar port in Iran. The importance of the Indo-Afghan ties was further underlined by Afghanistan's decision to award Modi its highest civilian honour, the Amir Amanullah Khan Award.

As Pakistan has not permitted any Indian goods to travel overland Afghanistan, New Delhi and Kabul are working on strengthening alternative routes, including the air cargo corridor launched in June 2017, as well as the Chabahar sea route. India's first major shipment of 1,30,000 tonnes of wheat to Afghanistan through Chabahar Port was dispatched from the western seaport of Kandla in October 2017, launching a trade route bypassing Pakistan.

The second Strategic Partnership Council meeting was held in New Delhi on September 11, 2017. Foreign Minister H.E Salahuddin Rabbani led the Afghan delegation comprising of senior members of the Afghan Government. Making use of the fresh US\$ 1 Billion announced by Prime Minister, India and Afghanistan launched a New Development Partnership. Government of India worked with the Government of Afghanistan to identify priorities and projects where Afghanistan needed the Indian assistance to be directed. In addition, India will also take up 116 High Impact Community Development Projects in 31 provinces of Afghanistan. These important investments will be in the areas of education, health, agriculture, irrigation, drinking water, renewable energy, flood control, micro-hydro power, sports and administrative infrastructure.

India's security cooperation with Afghanistan has been strengthened by providing Mi-24 helicopters to Afghanistan which was announced in 2018. India delivered four Mi-25 (Mi-24D) helicopters and three HAL Cheetah light utility helicopters to the Afghan Air Force (AAF) in December 2016.

Trump's New Afghan Policy and India

The US President Donald Trump's new Afghanistan policy had some new elements and emphases. Trump's policy has been viewed as a remarkable turnaround for the US that earlier wanted to keep India out of its Afghanistan for fear of offending Pakistan. India was viewed as part of the problem till the Obama administration, and now Trump has argued that India should be viewed as part of a solution to the Afghan conflict. Trump's policy was received very positively by Afghanistan and India as also by a cross-section of the academic and security communities in the United States and India.

However, India has faced an extraordinary dilemma in 2019 onwards in its relations with Afghanistan when the US has initiated negotiations with Taliban with a promise to withdrawal of US troops from Afghanistan and asked India also to take part in these negotiations. Officially, India maintains support for an Afghan-owned, Afghan-led reconciliation process. New Delhi wants the Kabul government to be the key player in the talks with the Taliban.

India's Afghanistan policy is not driven by ideological or humanitarian concerns. It is driven by a desire to limit Islamabad's influence in Afghanistan. This is because increased Pakistani influence in Afghanistan may not only lead to a reduced Indian presence but will also make India more susceptible to Pakistani-inspired terrorism and marginal in the wider region. India knows that it will be the first target of those who see in a U.S. withdrawal a Taliban victory.

Seven rounds of direct talks have been held between the US and the Taliban since October last year, which are primarily aimed at ensuring a safe exit for the US in return of the insurgents guaranteeing that Afghan territory won't be used by foreign militants and won't pose a security threat to the rest of the world. The latest round of talks in Doha was considered to be "most productive" and there is a new momentum in these negotiations after months of stalemate. Washington continues to insist that it is seeking a "comprehensive peace agreement, not a withdrawal agreement", though there are few takers for this sentiment.

Finally, in February 2020, The US and NATO allies have agreed to withdraw all troops within 14 months if the militants uphold the deal. President Trump said it had been a “long and hard journey” in Afghanistan. “It’s time after all these years to bring our people back home,” he said. Under the agreement, the militants also agreed not to allow al-Qaeda or any other extremist group to operate in the areas they control. The US will also lift sanctions against the Taliban and work with the UN to lift its separate sanctions against the group.

India, despite being the second-biggest donor of foreign aid to Afghanistan and receiving adequate notice, merely watched the negotiations and signing of the US-Taliban peace deal from the side lines and made no change in its approach towards the Taliban. No wonder, India was excluded from Taliban chief negotiator Mullah Abdul Ghani Baradar’s “thank you” list, which included Pakistan (special mention), China, Iran and Russia.

However, the fact that within 48 hours of the peace agreement and the joint declaration, President Ashraf Ghani said that the release of prisoners was not a promise the US could make and the Taliban resumed its operations against Afghan forces after just seven days of the pre-agreement “reduction in violence” promise, gives an indication of the complexities that will determine the prospects of the deal signed between the US and Taliban.

In the aftermath of the deal, two extreme possibilities can emerge in Afghanistan. The worst-case scenario is the Taliban going back to its pre-9/11 ways. The best-case scenario is a Taliban-led multi-ethnic coalition government on the Iranian political model with its moderation managed by leverage of international aid without which Afghanistan cannot survive and Pakistan’s influence. In both the scenarios, this will pose some challenges to India as it has to negotiated its policy towards Afghanistan in this changed scenario. Realpolitik demand that India should prepare for both the best and the worst-case scenarios.

1.2.5 LET US SUM UP

To conclude, it can be stated that Pakistan and Bangladesh have always been remained important and unique neighbours for India. They are important because they share boundaries with India and due to that they have various disputes ranging from territory to water. Pakistan and Bangladesh have always remained the perennial source of insecurity for India since their inceptions notwithstanding the role of India in the creation of Bangladesh. With former, India fought three full-fledged wars, one localised war in addition to various proxy wars. Despite various attempts to resolve pending issues, India could not establish peace with Pakistan. Issue of terrorism had been continue to shape India's Pakistan policy as the latter has been using terrorism as an instrument of its policy against India since last three and half decades. Contrary to that Pakistan's India policy has always been shaped by the Kashmir issue. In the peace process initiated in November 2003, India and Pakistan agreed to engage each other in a dialogue in the format of composite dialogue to resolve all outstanding issues between the two including Kashmir and terrorism. After engaging each other in composite dialogue for quite long time, the divergence in their approaches to dialogue became more apparent as New Delhi argued for the end of terrorism first and Islamabad continuously argued for the Kashmir first.

In case of Bangladesh, though India never had a war with its eastern neighbour, however the relations are not smooth. The migrant problem and Bangladesh's support to insurgents fighting against India in the north-east region are seriously causing tension in bilateral relations. Bangladeshi nationalism articulated by the Bangladeshi Nationalist Party on the basis of anti-Indian sentiment consolidated its hold in the domestic politics of Bangladesh. Bangladeshi nationalism replaced the Bengali nationalism for fifteen years (1975-1990), the former was pro-Pakistan, and the latter was pro-India. Ideological differences continued to shape India's Bangladesh diplomacy and the contentious issue like territorial dispute on Tin Bigha, India's enclaves in Bangladesh's territory and Bangladesh's enclaves in Indian territory, water disputes on Ganga & other rivers, problem of illegal immigrants from Bangladesh and Dhaka's support to insurgents in the northeast continued to shape New Delhi's Dhaka diplomacy. However,

the revival of democracy in Bangladesh since 1990 has improved the context for India's Bangladesh policy but the rule of AL and BNP at Dhaka on alternative basis continued to provide favourable and hostile context respectively for India's Bangladesh diplomacy. India's relations with Bangladesh have always remained cordial as and when AL remained in power at Dhaka, whereas, its relationship with Dhaka remained strained whenever BNP in power. Notwithstanding this, neither India can afford to ignore Bangladesh as the former shares long border with the latter, nor does the Bangladesh afford to ignore New Delhi as the former is India locked.

India's Afghanistan policy has been shaped by India's security concerns ranging from terrorism to drug trafficking. The 9/11 happenings, followed by the GWOT and fall of Taliban regime and the establishment of Karzai regime created the favourable context for India's Afghanistan's diplomacy, after tense relations when Taliban was in power. India enjoyed good equation with Karzai Administration and used aid as an instrument of its Afghanistan policy. New Delhi has been actively involved in the reconstruction of Afghanistan that includes the construction of roads, schools, hospitals, parliament building and community centres apart from its contribution to the capacity building of Afghan professionals working in the different departments including police, army, health and education. India has also been providing the scholarship to Afghan nationals in its various education institutions. Many Indian professionals working in different development projects have been targeted by the Taliban and some of them lost their lives. India's contribution to the reconstruction has been acknowledged by the people of Afghanistan. India enjoys positive image in the popular Afghan psyche whereas Pakistan enjoys the negative image in Afghan society.

The present Ashraf Ghani Administration has started giving more importance to Pakistan vis-a-vis India because of the Islamabad role in handling the Taliban in Afghanistan. He knows that peace in Afghanistan cannot be established without taking Pakistan on board as the latter enjoys lot of leverage with Taliban. However, he has also acknowledged India's role in the transformation of Afghanistan. He

stated during his visit to New Delhi (2015) that India's private sector can play an important role in the economic transformation of Afghanistan. The critical challenges confronting India's Afghanistan policy has been the lack of direct physical connectivity, security of Indian professional involved in reconstruction work, drug trafficking, terrorism and the evolving geopolitics in Af-Pak region after the US and NATO forces withdrawal from Afghanistan. Of course, India has attempted to overcome the problem of direct physical connectivity with Afghanistan by developing the indirect route through Chabahar port via Iran. India has been trying to meet the challenges of Islamic fundamentalism, extremism and drug trafficking by participating in the process of developing the liberal democratic state in Afghanistan.

1.2.6 EXERCISE

1. Discuss the main objectives of India's Pakistan Policy.
2. Describe the prevailing trends in India's Pakistan Policy.
3. How far India has been succeeded to cultivate Bangladesh since 1972?
4. Elaborate binary nationalism as a determinant of India's Bangladesh Policy.
5. Examine the boundary and water disputes as key concerns of India's Bangladesh Policy
6. How and why Afghanistan has become significant for India in spite of not having physical connectivity?
7. Discuss the major instrument of India's Afghanistan Policy.
8. Why Pakistan is critically important for Afghanistan than India?

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – I: INDIA, SOUTH ASIA AND CHINA

1.3 INDIA'S POLICY TOWARDS, NEPAL, SRI LANKA AND BHUTAN

- Baljit Singh

STRUCTURE

1.3.0 Objectives

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1.3.2 India's Nepal Policy: A Reflection of Asymmetrical Relations

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1.3.0 OBJECTIVES

In this lesson you will study India's relations with its immediate neighbours Nepal, Bhutan and

Sri Lanka. After going through this lesson, you will be able to know:

- the asymmetry and speciality in Indo-Nepal relations and reasons for friction between two neighbours;
- the close cooperation between India and Bhutan and reasons for their proximity;

India's relations with Sri Lanka and inconsistency in their bilateralism and reasons for it.

1.3.1 INTRODUCTION

Nepal, Bhutan and Sri Lanka are occupying significant place in India's foreign policy since its independence. India has been cultivating these South Asian countries at the bilateral level and New Delhi had signed various agreements to cement its relations with them. Himalayan states Nepal and Bhutan have always been remained important for India due to the security reasons, whereas, Sri Lanka has been critical from the perspective of India's maritime security as it is located in the Indian Ocean. Initially, India succeeded to bring Nepal and Bhutan on its orbit by signing treaties of peace and friendship, and trade and transit with Nepal in 1950 and Bhutan in 1949. Geographic location of Nepal and Bhutan has resulted in the special place of India in their destiny because they are landlocked states and India has been providing them access to ocean. Due to that their foreign policies have always been remained India-centric. Nepal has been having special relationship with India, while Bhutan has proved to be most trust-worthy neighbour for New Delhi over the period of time. Notwithstanding, India's special relations with Nepal, their relations have also experienced various ups and downs over the period of time. During the 1980s, their relations reached at the lowest ebb. Besides, their locations, Nepal and Sri Lanka have been remained significant for India because of the Kin-State factor-as the people of Indian

origin known as Madheis are residing in the Terai region of Nepal and Tamils are majority in northern and eastern provinces Sri Lanka.

1.3.2 INDIA'S NEPAL POLICY: A REFLECTION OF ASYMMETRICAL RELATIONS

In the post-colonial period, the overarching structure of India's policy towards Nepal was spelled out in the two treaties: one dealing with friendship and another regarding trade and transit signed in 1950 and renewed periodically. The Treaty of Peace and Friendship concluded on July 31, 1950 between New Delhi and Kathmandu constitutes the basis of India's Nepal policy and it was driven from an Indian perspective of security considerations. The Treaty of Peace and Friendship was serving the India's interest, whereas the treaty of Trade and Transit was serving the Nepal's interest. Both the treaties have been inter-linked. Nepal has been the only South Asian country having special relationship with India.

1.3.2.1 Speciality in Indo-Nepal Relations

The Indo-Nepal relations have been characterised by some specific special features. First, India has been having soft-border with Nepal. People of India are freely moving to Nepal and people of Nepal are also freely coming to India. Hence, people to people contact has been the strength of special relationship. The borders between the two countries remained open historically, therefore it has become the way of life for their people. Second, the people of Nepal are doing jobs in India including civil services and army. Likewise, Indian are also working and running their business in Nepal. The national treatment granted to the citizens of the other underline the speciality of their relations. Third, India has been providing Nepal transit facility because the latter is a landlocked country. India has given 22 transit points to Nepal apart from the port facilities at Kolkata, Mumbai and Kandla. Trade and transit issues have been critically determining India's Nepal Policy because New Delhi has been clubbing the both, whereas, Nepal has been separating these issues since 1978. India is Nepal's largest trading partner. Notwithstanding the intensity of their relations, India and Nepal had also experienced frequent frictions in their relations at the diplomatic, political and economic level.

India's Nepal policy has been shaped by the various factors like geography, history, the structure of South Asian region, domestic political context including anti-India sentiment in Nepal and China factor. Geographic location of Nepal had been a critical determinant of India's Nepal policy during the colonial and post-colonial period. Nepal has provided opportunities as well as challenges to India's policy makers. For instance, Nepal's increasing proximity with China has posed a huge challenge to India as increasing influence of China in Nepal is security threat for New Delhi. Besides this, Nepal's assertive nationalism rooted in anti-Indian sentiment has been posing a challenge to India's Nepal policy. Anti-Indian sentiment has been growing in Nepal since the rule of King Mahendra. But Nepal does offer economic opportunities to India ranging from investment to generation of hydropower through the joint ventures. India's Nepal policy has been characterised either by a close understanding or divergences of their perceptions on the various issues pertaining to their bilateral relations.

India's policy towards Nepal has always been shaped by the Nepalese policy towards India that kept on changing with the change of ruler in Nepal. King Birendra, who succeeded his father king Mahendra in 1972 after latter's death, wanted to continue Nepal's policy towards

India that his father formulated but he could not succeed due to upsurge against the system at different levels in Nepal that forced him to pursue a policy of cordial relations with India. He articulated that playing one neighbour against another does not suit to Nepal's national interest and Nepal would give-up such a policy. But the fear of Indian dominance and quest for national identity continued to define the foreign policy behaviour of Kathmandu vis-a-vis New Delhi. King Birendra firmly believed that Nepal has become an Indian area of influence and he tried to evolve an institutional basis to wean Nepal away from India's sphere of influence. He articulated that Nepal should be declared as a Zone of Peace. Through the Zone of Peace Proposal, King Birendra sought an international guarantee for non-interference in Nepalese affairs. Further, the Zone of Peace proposal was an instrument for enhancing Nepal's self image to which India was not recognising. India did not appreciate Nepal's Zone of Peace proposal because New Delhi believed that it has undermined the spirit of the treaty of Peace and Friendship. Various other

developments including Nepal's effort to develop direct link with Tibet (1976), its effort to involve China in the road construction project in western Terai (1985), its decision to import Chinese weapons (1988), its policy to introduce work permit system for Indians working in Nepal and to conduct joint military exercises near Indo-Nepal border forced New Delhi to react by reducing the number of entry points to two on Indo-Nepal border. New Delhi considered all these developments not only contrary to its national interest but also detrimental to its national security. Nepalese considered the Indian reaction amount to imposing economic blockade against Nepal. Consequent upon those India-Nepal relations reached at the lowest ebb towards the end of late 1980s. It was also proved as a real time test for Nepal's policy of diversification of its relations by reducing its dependence on India. From this crisis Nepal realised that it did not have any viable alternative to trade and transit facilities provided by India.

The change of regime in India (1989) and Nepal (1990) provided an opportunity for both to reformulate their policies towards each other. Political change in Nepal from absolute monarchy to democracy was more formidable which had created favourable environment for change in India's policy towards Nepal which was hinted in India's Prime Minister's speech in the joint session of Parliament. President of India also indicated probable change in India's approach towards Nepal. Under the non-Congress dispensation, New Delhi adopted the liberal approach towards Nepal and started the process of normalisation of relations with Nepal. Change in India's attitude towards Nepal was further reflected when the treaty of trade and transit was revised during the visit of G. P. Koirala to New Delhi in December 1991. During his visit to Nepal in October 1992, then Prime Minister of India P. V. Narasimha Rao underlined that Nepal would be the first beneficiary of India's liberalisation policy. He articulated that India would create a new era in bilateral cooperation and to promote the industrialization of Nepal, and also expressed the need to jointly harness the waters of rivers.

1.3.2.2 Impact of Nepal's Domestic Politics on India-Nepal Relations

The uncertainty and highly polarised political environment in Nepal is always a serious factor in India-Nepal relations. For instance, the regime change in Nepal in

November 1994 posed a serious challenge to India's Nepal policy because the United Marxist Leninist Party (UML) which assumed power in Nepal was considering India as a follower of imperialist forces. India's print media criticised the regime change in Nepal and it was argued that it will have negative impact on India's Nepal policy because India was considered as the supporter of Nepali Congress. But instead of regime change in Nepal, the ground realities of Indo-Nepal relations continued to shape India's Nepal policy. New Delhi categorically stated that it would continue with the same policy irrespective to regime change in Nepal. Prime Minister of Nepal, Man Mohan Adhikari stated that the geopolitical realities and historical reasons of Nepal always demand the cordial relations with India.

India has always been remained an important stakeholder in the internal politics of Nepal. Emergence of Maoists as force to reckon within the domestic politics of Nepal in the late 1990s onward has posed a major challenge to India's Nepal policy because New Delhi was considering that Maoists are having the blessings of China and linkages with Maoists insurgents in India. However, due to the intervention of India's Communist Parties, New Delhi's perspective of unbridled hostility towards the Nepalese Maoists changed from 2006 onwards. Indian political elite argued that the Maoists are required to renounce violence and to be the part of political process and the Maoists agreed to do that in stages.

India played a significant role in the peace process of Nepal by bringing the different stakeholders on the negotiation table which resulted into signing of Comprehensive Peace Agreement by the Seven Party Alliance (SPA) and the Maoists in New Delhi in November 2006. Indian government appreciated this agreement and welcomed the roadmap laid down in the agreement. New Delhi has always responded to the needs of the people and government of Nepal to ensure the success of peace process while establishing democracy, framing new constitution and establishing federal system. Further, in order to make peace process successful, the government of India has provided considerable financial assistance. New Delhi helped the Government of Nepal by undertaking various development projects in the area of infrastructure, health, rural & community development, education etc. During the financial year of 2011-2012, the financial assistance provided to Nepal under 'Aid to Nepal' was Rs. 150 crores.

In addition to economic aid, promotion of bilateral trade has been remained another instrument of its Nepal policy. The bilateral trade between the two countries was improved with the renewal of revised Trade Treaty in 2009 that has the provision to allow Nepal greater access to the Indian market. Besides this trade treaty, India and Nepal also have Transit Treaty which was renewed for another seven years on January 5, 2013. To strengthen economic linkages and people to contact, India and Nepal have concluded a Rail Services Agreement (RSA) and a revised Air Services Agreement (ASA). Investment has proved to be another vital instrument of India's Nepal policy as India is the largest source of foreign investment in Nepal. New Delhi accounts for 46% of Nepal's foreign direct investment. To give boost to investment, India and Nepal concluded the Bilateral Investment Protection & Promotion Agreement (BIPPA) and Double Taxation Avoidance Agreement (DTAA) in October-November 2011 that provided legal framework for promoting Indian Foreign Direct Investment in Nepal and thereby institutionalising economic linkages between them.

Madhesi-dominated Terai region has always been remained a cause of concern of India's Nepal policy because Madhesi people are the people of Indian origin settled in Nepal. Recently proclaimed constitution of Nepal has ignited protests in the Madhesi-dominated Terai region bordering India. People of this region expressed their reservations regarding the new Constitution of Nepal proclaimed on September 20, 2015. Madhesi community has close linguistic and cultural linkages with India. Due to that India expressed its unhappiness with Nepal's new constitution which New Delhi believes discriminated against Madhesi community. Although, India's foreign secretary visited Kathmandu few days before the promulgation of new constitution but Indian government expressed its misgivings about the constitution at eleventh hour. New Delhi has tacitly encouraged economic blockade of Nepal as argued by John Cherian. Consequent upon that India's relations deteriorated with Nepal, whereas during the visit of

India's Prime Minister, Narendra Modi to Nepal in August 2014, he was given the rousing welcome because it was first visit by the Indian Prime Minister in the last 17 years. He was the first world leader who was privileged with an opportunity to address Nepalese Parliament. He addressed the Nepalese Constituent Assembly-cum-Parliament in Nepali

language leaving little scope for critics in both the countries. While issuing a joint statement at the end of Modi's visit both the Prime Ministers underlined the need to explore ways and means to enhance sub-regional cooperation especially in the areas of trade, transit, connectivity and hydropower.

India and Nepal have been having divergent perspectives on Indo-Nepal Treaty of Peace and Friendship (1950) and the Mahakali River Water Treaty (1996). Both the countries agreed to consider these two issues at the appropriate levels. Prime Minister Modi promised to review the controversial 1950 Indo-Nepal Treaty of Peace and Friendship on the basis of the recommendations from a group of representatives from India and Nepal. Nepalese resentment to this treaty was based on the argument that it has institutionalised India's domination on Nepal. India agreed to discuss the concerns of Nepal with regard to both the treaties at 11th India-Nepal Joint Border Management Meeting that concluded at Pokhara on February 11, 2015. Modi further assured Nepal that New Delhi will not interfere in its domestic politics and articulated that culture, connectivity, cooperation and constitution would be the main focus of India's relations with Nepal. The former India diplomat, Rajiv Sikri articulated that 'Indians have taken Nepal too much for granted and Indian approach towards Nepal has been dismissive and neglectful. Indian government and public have never shown adequate sensitivity to Nepalese pride and uniqueness'.

While talking to Indian leadership during his visit to New Delhi in October 2015, Nepalese Foreign Minister, Kamal Thapa asked New Delhi to help in the movement of food and essential supplies. He further acknowledged that there are some shortcomings in the new constitution and the Nepalese government has been taking step to reach at consensus with all the parties of Nepal to suitably amend the constitution. India's Foreign Affairs Minister, Sushma Swaraj told her Nepalese counterpart that India has no role to play in the transport blockade and argued that internal problems in Nepal blocked the supply of goods across the Indian border.

1.3.2.3. China Factor in India-Nepal Relations

Indo-Nepal Treaty of Peace and Friendship (1950) was the outcome of close understanding between them wherein India recognised Nepal's independent status and promised to help Nepal in its process of economic development, and Nepal agreed to cooperate with India on matters concerning defence and security. However, divergence in their understanding of treaty of Peace and Friendship appeared subsequently, when Nepal started terming it an unequal treaty as it was having reflections on its sovereignty and wanted to get rid of this treaty. India argued that either Nepal have both the treaties, one dealing with Peace and Friendship and other with Trade and Transit or none. Nepal was considering the Treaty of Peace and Friendship an unequal agreement and undermining Nepal's quest for national identity. The different rulers of Nepal believed that the Treaty of Peace and Friendship provided leverage to India for a political role in Kingdom. Further due to its landlocked status, Nepal has turned out to be a dependent country of India. King Mahendra believed that only way of reducing Nepalese dependence on India could be to construct Nepal's national identity and to enhance its self image. That required diversifications of Nepal's aid and trade relations. In order to reduce its dependence on India, Nepal turned towards China during King Mahendra's rule and since then India's Nepal policy has been facing a challenge of how to counter the increasing influence and penetration of China in Nepal.

In March, China told Oli when he visited Beijing that it would back his government against "any external interference", and would support stability in Nepal and aid his government within its capacity, with trade and investment. Oli had during the visit secured a landmark deal with China for extending its Tibet railway network into Nepal, a long-discussed proposal that Nepal had in the past spurned because of Indian sensitivities. In a reversal, Chinese officials said it was Oli that raised it in Beijing. This is being seen in Kathmandu as meaningful as the common perception thus far was that given Nepal's precarious geopolitical position, it had no option but to rely on India – its unpredictable 'big brother' next-door. However, third-country trade through the rocky terrain of Tibet will cost Nepali importers 2-3 times what it would cost them to import goods via Indian ports. So despite the new transit treaty, the bulk of Nepal's third-country trade will continue to take place through India. But Nepalis feel that with the new transit treaty, India in the future won't be able to 'blockade' the country again.

There have been other important agreements between Nepal and China during Prime Minister Oli's visit. According to the joint Nepal-China statement issued on March 23, China has agreed to upgrade two road links between Nepal and Tibet, pledged financial support to build an international airport at the tourist hub of Pokhara, agreed to extend the Chinese railway to Kathmandu and then to Lumbini, and given its nod to a long-term commercial oil deal. Up until now Nepal has imported all its fuel from India.

1.3.2.4 New Low in Indo-Nepal Relations

There are three significant developments in the second quarter of 2016 that have serious implications for India-Nepal relations. Firstly, China on 12th May 2016 announced the opening of a new rail and road trading route to Nepal. Secondly, Nepal unilaterally cancelled the five day visit of Nepal President Bidhya Devi Bhandari to India in May. Thirdly, during the same time, Nepal also recalled its Ambassador to India. All these developments are indicative of deep fissure in the centuries-old bilateral relationship.

Many reports indicated that the Nepal Prime Minister Oli alleged that the India played a role in an attempt at toppling his government. Recently, the name of Unified Communist Party of Nepal (Maoist) leader Pushpa Kamal Dahal – or Prachanda, as he is commonly known – was proposed as the next prime minister replacing Oli, when the Nepali Congress leader Sher Bahadur Deuba agreed to back the former in an alliance. After the written agreement was made public, Prachanda backtracked and his party UCPN (Maoist) has continued the alliance with Communist Party of Nepal (Unified Marxist–Leninist), thus allowing its leader, Oli, to continue as prime minister. Thus, while Oli's government survived after Prachanda's U-turn at the last moment, he has been unsettled by the move and has accused India of encouraging Deuba and Prachanda in making an alliance against the present government. China, which has never been seen as an interventionist neighbour, has been reported to have put vehement pressure on Prachanda to keep the present alliance intact. This is what led to the knee-jerk reaction of Oli cancelling the week-long visit of President Bidhya Devi Bhandari to India starting May 9, 2016 and calling back the ambassador in New Delhi, accusing him of having a role in the "Indian conspiracy" of toppling the Nepali government.

The demonetisation policy announced by the Indian government in 2016 affected Nepal severely. The issue was vehemently discussed in the Nepalese Parliament but was deliberately ignored during the visit of Prime Minister KP Sharma Oli to India. According to Nepal Rastriya Bank, approximately Rs 33.6 million (US\$489,000) worth of demonetised Indian banknotes remain in formal banking channels. Due to the open border and an unregulated people flow, there may be larger sums circulating in informal financial channels in Nepal. Neither governments have been able to resolve this issue.

Another source of friction is the role of the South Asian Association for Regional Cooperation (SAARC). India's foreign policy in the last five years has moved towards new policies — the Bay of Bengal Initiative for Multi-sectoral Technical Economic Cooperation (BIMSTEC), the Bangladesh Bhutan India Nepal Initiative (BBIN) and the Act East policy — rather than strengthening SAARC. India has lost interest in SAARC due to tensions with Pakistan. During the fourth BIMSTEC Summit in Kathmandu in August 2018, Prime Minister Oli suggested the revival of SAARC and argued that BIMSTEC cannot replace it. Mistrust grew after the Nepalese Army withdrew from the first BIMSTEC military exercise held in India in 2018 and later joined a military exercise with China.

Further, Chinese outreach in Nepal has intensified after India's 2015 trade blockade. In 2016, Oli visited China and concluded a number of trade and investment agreements. Beijing's economic assistance, investment in hydro power projects and support for small projects signifies its growing influence in Nepal. The Chinese language is being taught in Nepali schools and scholarships for students to learn Chinese have increased. While Nepal has joined the Belt and Road Initiative, India is not a part of this project.

Witnessing further low in the relations, in 2019, the Nepal government also made it mandatory for all workers, including the Indians, to have a Permanent Account Number (PAN), which is likely to affect Indian workers and also those Indian business persons in Nepal who are engaged in small businesses in Nepal. Importantly, the Camp Office of Indian Embassy in Biratnagar in eastern Nepal was also closed in 2018. It was in 2008

that this office was opened following the devastating floods that had taken a toll on thousands of people in the Terai region of Nepal and the state of Bihar in India.

In July 2019, a fresh initiative was made to curb the import of Indian vegetables and fruits on the pretext of conducting pesticide tests. A provision was made for not allowing Indian registered vehicles to stay in Nepal for more than 30 days in a calendar year even on payment of charges. As vehicles in Nepal are very costly, such a provision has badly affected the movement of people from one country to the other.

Despite Prime Minister Narendra Modi's declaration of 'Neighbourhood First' policy in 2014, relations between Nepal and India don't seem to have improved. This is quite perceptible from the different measures taken by Nepal to erase India's influence in Nepal. A major rupture in relations between the two countries occurred in 2015 at the time of the making of the constitution, when India unsuccessfully tried to pursue Nepal to amicably address the grievances of Madheshi, Janajati and other disadvantaged groups who constitute a bulk of the Nepalese population. Later on, India tried to fence its differences with the ruling communist party, but that did not prove as effective. Misunderstanding, real or imaginary, persists between the two countries to the advantage of some third party players in Nepal. Therefore, the time has come for both Nepal and India to think seriously about the ways and means of reducing their differences, if any. Otherwise, the growing distance in relations could prove counterproductive to the interests of both the countries.

1.3.3 INDIA'S BHUTAN POLICY: A STORY OF GREAT SUCCESS

Origin of India's Bhutan policy can be traced back to the colonial period when the British Indian government signed a treaty with the Bhutan in 1910. Under this treaty Bhutan virtually agreed to become the protectorate state of British India because the former allowed the latter to guide Bhutan in foreign and defence affairs. In the post-colonial period, India's relations with Bhutan were established on August 8, 1949, when they signed the Treaty of Friendship and Peace with a commitment of non-interference in the internal affairs of each other. China's annexation of Tibet that started from 1950 and continued till 1952 further cemented their relations. Indo-Bhutan relationship is most durable, trustworthy and stood the test of time. David M. Malone articulated that in spite of clear Indian dominance on its

small Himalayan state, the relationship has been a genuinely friendly, positive and mutually respectful with India working hard to keep its own profile in Bhutan as low as possible and Bhutanese mostly expressing appreciation for India's contributions. During his visit to Bhutan in 1958, the first Prime Minister of India, Jawaharlal Nehru stated that any act of aggression against Bhutan will be construed as an act of aggression against India. Bhutan's cordial and unique relations with India allowed it to seek economic assistance from India and also to maintain independent identity for itself in international affairs. India's relations with Bhutan were further strengthened when India's Prime Minister Rajiv Gandhi visited Bhutan in September 1985 and set the process for more cooperation between them.

1.3.3.1 India's Contribution to Bhutan's Economic Development

From Prime Minister Nehru to Prime Minister Modi, India has been using economic diplomacy as an instrument of its policy towards Bhutan. Under the guidance and economic protection of New Delhi, Bhutan adopted the five year planned strategy of economic development in 1961 and its first five year plan was totally financed by India. New Delhi helped Bhutan in its subsequent five year plans that latter launched for its all-round development. For instance, in the 10th Five Year Plan which concluded in June 2013, India's assistance to Bhutan was over Rs 5000 crores excluding the grants provided for hydro power projects. In the 11th Five Plan of Bhutan which is in progress at present, India has allocated Rs.45 billion and another Rs.5 billion for Economic Stimulus Plan. India's trade with Bhutan has been shaped by the framework established by the India-Bhutan Trade and Commerce agreement of 1972 which was renewed for another ten years in 2006. Besides this, India and Bhutan have already concluded Free Trade Agreement (FTA) to accelerate trade between them.

Indian, Nepalese and Bhutan's economies have been complementing and supplementing each other as Nepal and Bhutan are blessed by the nature with plenty of water resources and thereby are having huge hydropower potential and India as an emerging economy has been market for the surplus hydropower generated by these two Himalayan states. India has been a critical stakeholder in the various hydropower projects in Bhutan. Energy diplomacy between India and Bhutan has always been remained a win-win situation

for both because the former has been making investment in the hydropower projects in the latter. India is not only market for the surplus hydropower generated in Bhutan but also has been having capital and technology to utilise the hydropower potential of the latter for the well-being of both. India has constructed various hydropower projects in Bhutan like Chukha Hydropower (1979); Kurichu Hydropower (1998) and Tala Hydropower (1999). Many hydropower projects are in the progress and they have planned to harvest the 10,000 MW by 2020. This capacity is likely to be generated from the 10 hydropower projects of which the foundations of three hydropower projects including Punatsagchu-I, Punatsagchu-II and Kholongchuu, joint venture of India and Bhutan were laid down by India's Prime Minister Narendra Modi during his visit to Bhutan in 2014. He further tried to convince the other small neighbours through Bhutan that stronger India will be an opportunity but not as a threat. He chose Bhutan as his first foreign destination because China has intensified its efforts to cultivate the Himalayan State.

India's role in the economic development of Bhutan cannot be confined to the development of hydro-power sector only because New Delhi has been actively involved in various economic development projects as it constructed Paro Airport, Penden Cement Plant, Bhutan Broadcasting System, Highways Network, Electricity Transmission and Distribution system, India-Bhutan Microwave Link System and exploration of natural resources and their mapping. Further, India announced to construct the first railway link between India and Bhutan connecting Hashimara to Phuntsholing during the visit of India's Prime Minister, Manmohan Singh to Bhutan. Importance of Bhutan in India's foreign policy can be inferred from the first foreign visit of current Indian Prime Minister, Narendra Modi, to Bhutan in 2014. During his visit to Bhutan, India decided to undertake several new projects pertaining to Information Technology, India's Satellite Technology, E-Library Network, Central University for Himalayan Studies and tourism etc. At present major items of imports from Bhutan are electricity, base metals, minerals, vegetable fats and oils, alcoholic beverages, chemicals, cements, timber and wood products.

India and Bhutan were also participated in a sub-regional initiative on 'Climate Summit for Living Himalayas', which was held at Thimpu in November 2011. At the conclusion of this summit an agreement regarding a framework on cooperation was signed

by Bhutan, India, Bangladesh and Nepal to undertake regional initiative on climate change. Further during his visit to Bhutan, Prime Minister Narendra Modi desired to organize an annual international hill sports festival that includes India, Bhutan and Nepal.

India signed a new Treaty of Friendship with Bhutan in 2007, which ended its guidance on Bhutan's foreign policy and reframes the contemporary nature of their bilateral relations.

A strong Delhi-Thimphu relationship is important for the success of the Narendra Modi government's 'neighbourhood first' policy. At a time when India seems to have given up on the South Asian Association for Regional Cooperation and is investing in alternatives like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, Bhutan is key for the operationalization of such initiatives.

In the 51st year of diplomatic relations, India and Bhutan added a new chapter to their bilateral cooperation by expanding their engagement to digital and space domains. Several key initiatives were launched by the prime ministers of India and Bhutan in the digital and space sectors on 17 August 2019, such as RuPay, integration of DrukREN with National Knowledge Network of India and inauguration of the Ground Earth Station constructed by ISRO.

Continuing India's attempt to foster a strong relationship with its neighbours under the "Neighbourhood First Policy," Prime Minister Narendra Modi visited Bhutan for the second time on August 17-18, 2019. During the visit, Modi held a comprehensive discussion with Bhutanese Prime Minister Lotay Tshering and reviewed the current status of the bilateral relationship. The two countries also signed 10 Memorandums of Undertaking (MoUs) to further boost the ties, with Modi having said that "Bhutan has a special place in the heart of 130 crores Indians."

These political engagements and other developments have indeed heralded a new phase in the bilateral relationship between India and Bhutan in the last five years. The economic sector is an important aspect of this shift, with the two side trade having reached 92.28 billion Indian rupees (\$1.2 billion) in 2018.

But, for Bhutan, economic dependency on India, the huge trade deficit, and hydropower have generated serious concerns in Bhutan about India's real intentions. In fact, there are sections of experts and others who feel that India's sole aim is to exploit Bhutan's market and its natural resources for its benefits. Sadly, India has yet taken concrete efforts to address this range of concerns in Bhutan.

This was a prime reason for then-Bhutanese Prime Minister Jigme Yozer Thinley to meet Chinese Premier Wen Jiabao in Rio de Janeiro in June 2012. Though the meeting did not result in any concrete agreement, it underscored the rift between the two sides. However, the coming of the Tshering Tobgay government in 2013 and the Modi government in India in 2014 greatly helped in minimizing the role of China in adversely affecting the India-Bhutan bilateral. This became much more evident during the Doklam crisis between India and China in 2017, when Bhutan fully supported India's stand, refusing to accept an offer of \$10 billion from China as economic assistance. More to the point, India's increased efforts to improve ties with Bhutan lies in the fact that any deal between Thimphu and Beijing on the Doklam issue will pose serious security challenges for India.

1.3.3.2 Fears over Chinese Moves

The July 1958 issue of China Pictorial published a map of China in which the Sino-Indian border was indicated by a thick brown line. This map once again included a large chunk of Indian territory within the territorial limits of China. A considerable area of eastern and northeastern Bhutan was also portrayed as part of China. China had always claimed rights in Nepal, Bhutan and Sikkim on grounds of traditional, ethnic, cultural and religious affinity between the populations of these lands and China's Tibetan region, in which the chief aim of the Government's current manipulations in the region seemed to be to detach these territories from India and integrate them into the Chinese orbit by any means short of war. It came to the notice of the Bhutanese and Indian authorities that the Chinese had occupied eight villages on the Bhutan-Tibet border in 1959. In accordance with the Article 2 provisions of the 1949 India-Bhutan Treaty, India took up the border matter with China on behalf of Bhutan. In a letter dated 22 March 1959, Nehru wrote to the Chinese premier that the publication of Chinese maps showing parts of Indian and Bhutanese territory as parts of China were not in accordance with long-established usage

as well as treaties. Even though Nehru firmly adhered to the view that the security of Bhutan and Sikkim was the concern of India, Zhou Enlai refused to recognize any 'special relation' of Bhutan and Sikkim with India. Since 1984 some 19 rounds of border talks have been held between Bhutan and China, but with little result.

Presently, India's Bhutan policy has been facing a critical security challenges due to Chinese claims on the Doklam Plateau of Bhutan which is not far away from the Silguri Corridor. If China establishes its control on the Doklam Plateau of Bhutan it can stop supplies to India's northeast in case of hostility. Due to that India has always been remained worried about the Chinese-Bhutan border negotiations specifically with regard to the Bhutan's area that has strategic significance for India. In 2013, before these negotiations India sent its National Security Advisor Shiv Shankar Menon and Foreign Secretary, Sujatha Singh to advise Bhutan's government how to conduct border negotiations with China. It is articulated that China was believed to have come to close of acquiring the Doklam Plateau as it was willing to renounce 495 square kms of territorial claims in the northern valleys in exchange for the 269 square kms that constitutes much of the Doklam Plateau.

Despite several rounds of engagement between China and Bhutan, the dispute between the two over Doklam has not been resolved. It flared up in 2017 when the Chinese were trying to construct a road in the area, and Indian troops, in aid of their Bhutanese counterparts, objected to it, resulting in the stand-off.

The desolate Doklam region grabbed global attention after the stand-off. According to Indian claims, it began on June 16, 2017, when Chinese troops came to the area with equipment to extend a road southward in Doklam, towards the Bhutanese Army camp near the Jampheri Ridge, which according to both Bhutan and India are an integral part of Bhutanese territory. Two days later, a few hundred Indian troops entered Doklam, at the request of Bhutan, and stopped the construction.

The Bhutanese government told China that "the construction of the road inside Bhutanese territory is a direct violation of the agreements and affects the process of demarcating the boundary between our two countries." On June 30, the Ministry of External

Affairs said: “Such construction would represent a significant change of status quo with serious security implications for India.”

The Chinese government released a map to accuse India of trespassing into its territory, and in a detailed statement in the first week of August, it said “India has no right to interfere in or impede the boundary talks between China and Bhutan.”

After a long standoff between the countries, from June to August 2017, on 28 August 2017, India and China announced that they had agreed to pull their troops back from the face-off in Doklam. By the end of the day, it was reported that the withdrawal was completed. The Indian troops withdrew back to their original positions at their outpost at Doka La, located in a militarily advantageous position on the Bhutanese border. On 29 August, Bhutan welcomed the disengagement and hoped that it would lead to the maintenance of peace and tranquillity as well as status quo along the borders.

The Doklam has provided very good opportunity for India to understand how sensitive its relations with Bhutan and also realized that a small country like Bhutan was too troubled by the conflict between its two neighbouring giants. India cannot expect the same kind of understanding and support from Bhutan all the times as it has become democratic and domestic politics do play an important role in these matters. There was a considerable anxiety among the people regarding the risk of war between India and China, and the possibility of annexation by China similar to that of Tibet in 1951. Some section of people also concerned about India's actions than China's. It found expressions of sovereignty and concern that an escalation of the border conflict would hurt trade and diplomatic relations with China. For these sections, a border settlement with China as the top priority for the country as it pave way for the better trade relations and economic development of Bhutan. Hence, India has to tread cautiously in its relations with Bhutan while attempting to avoid conflict with China.

1.3.4 INDIA'S SRI LANKA POLICY: A JOURNEY FROM INTERVENTION TO FACILITATION

India's Sri Lanka policy has been shaped by Tamil factor, India's maritime concerns, Sri Lanka's perception regarding India, Sri Lanka's world view and the China factor.

India's world view has always diverged with Sri Lanka though both the countries having democracy as a system of governance. New Delhi pursued non-aligned as a foreign policy posture during the Cold War, whereas, Sri Lanka's foreign policy was characterised by the pro-western orientation. In addition to it, the Tamil factor has always been remained the critical determinant of India's policy towards Sri Lanka. The Citizenship Act of 1948 and the Only Sinhala Language Act of 1956 passed by the Sri Lankan Parliament had adversely affected the interest of Tamil minority and thereby harmed India's interest in Sri Lanka. Being a kin-state of Tamil ethnic minority of Sri Lanka, India could not remain immune from maltreatment meted out to the Tamils in Sri Lanka. For example the Citizenship Act of 1948 rendered 9,75,000 Tamils homeless as they were debarred of citizenship and started coming to India as refugees. This compelled India to repatriate more than 3,00,000 Tamil refugees and the issue of citizenship of Tamils shaped India's Sri Lanka policy till it finally settled in 1988.

In the past, India support to the Tamils deteriorated its relations with Sri Lanka. India policy towards Tamils has proved counterproductive. Till the signing of Indo-Sri Lanka accord in July 1987, New Delhi supported the Tamils morally and materially in their struggle against the Sri Lankan State. Indo-Sri Lankan accord was signed on July 29, 1987 by the Indian Prime Minister, Rajiv Gandhi and the Sri Lankan President J. R. Jayawardene to resolve the conflict by sending the Indian Peace Keeping Force (IPKF). The objective of IPKF was to neutralise the LTTE, to establish inclusive order, to establish new administrative bodies and to hold elections to accommodate Tamil aspirations for autonomy. The change in India's policy towards Tamils and thereby towards Sri Lanka took place in post accord period. Under this accord, India sent Indian Peace Keeping Force (IPKF) to implement various provisions of Indo-Sri Lankan accord. This accord was opposed by Prime Minister Premadasa and the Cabinet Minister Sirimavo Bandaranake and her party, and latter on by the Liberation Tiger of Tamil Eelam (LTTE) and at large by the Sri Lankan civil society. As per the mandate of the accord, IPKF was required to ensure the surrender of weapons by the LTTE but the LTTE was not ready to do that. When the IPKF started forcing the LTTE cadre to surrender weapons, the LTTE started targeting the IPKF. Consequently, India became party to conflict in Sri Lanka and its

IPKF force suffered huge material and human loss as more than 1500 members of IPKF were killed by the LTTE and India was forced to withdraw the IPKF in a humiliated situation as President of Sri Lanka, Premadasa demanded the withdrawal of IPKF in June 1989. In the process, India lost the sympathy of Sri Lankan Tamils and pushed Sri Lanka closer to China.

Despite these setbacks, India has always expressed its concerns regarding the plight of Sri Lankan Tamils and China's presence in Sri Lanka but the fact of the matter is that its leverage on both the issues in 2015 is weaker than what it was in 1985. India's policy to provide logistic support to Tamil militants during Indira Gandhi period, sending the IPKF to enforce Indo-Sri Lanka Accord by Prime Minister Rajiv Gandhi and India's support to Sri Lanka's military campaign against the LTTE from 2006-2009, indicate the inconsistent and changing nature of India's Sri Lanka policy. At least, New Delhi's official position on the ethnic conflict in Sri Lanka has been relatively consistent during the last two and half decades. India's major concern in Sri Lanka is that Tamil minority is treated with equal respect and dignity like the Sinhala majority community. India voted twice against Sri Lanka in the UNHCR resolutions in 2012 and 2013, and the Indian Prime Minister did not attend the CHOGM summit in November 2013 under the pressure of the Tamil parties from Tamil Nadu. But India's position changed when New Delhi abstained from the UNHCR vote in 2014 because India's Sri Lanka policy has been shaped by the interplay of the security considerations of New Delhi and the regional politics of Tamil Nadu. Another cause of concern for India has been the plight of Tamil fisherman who continues to be arrested by the Sri Lankan Navy. Due to India's concern regarding the Tamils of Sri Lanka, New Delhi has been actively involved in the rehabilitation and resettlement efforts of Internally Displaced Persons (IDPs) and in the reconstruction process in the northern and eastern provinces of Sri Lanka. India's economic aid to Sri Lanka in the sectors of housing, demining, education, public health and connectivity are worth-mentioning here. Major objective of India's Sri Lanka policy has been to achieve a secure future for the Sri Lanka's Tamil minority in a united Sri Lanka in which they can live with equality, dignity and self-respect. That is why Indian government has continuously making efforts to reach to the State and people in Sri Lanka for a durable political solution acceptable to all the parties to conflict.

The visit of Sri Lanka's President, Maithripala Sirisena to India on February 15, 2015 was considered as a turning point in India-Sri Lanka relations. During the rule of former President Mahinda Rajapaksa, Sri Lanka had developed more proximity with China that has adversely affected India's interests in Sri Lanka. It is expected that with change of leadership in Sri Lanka, India's interests would be protected as the situation has radically changed. New Delhi has legitimate concerns for the welfare of the Tamil citizens of Sri Lanka; however Colombo considers it as interference in the internal affairs of Sri Lanka.

1.3.4.1 Growing Influence of China

Increasing Chinese influence in Sri Lanka has been a cause of concern and challenge for India's Sri Lankan policy. India's policy makers view increasing Chinese presence as a formidable challenge to its influence in Sri Lanka. Further, China's open support to Sri Lanka in UNSC enabled the Colombo to win Eelam War against LTTE while violating the Geneva Conventions, bypassing India and ignoring west. Further, Beijing opposed the decision of the UN Secretary General to establish accountability commission for alleged war crimes committed by the Sri Lankan army during its military campaign against LTTE while arguing that the Sri Lankan government has already constituted its own commission to investigate the matters pertaining to the alleged violation of human rights and war crimes committed during Eelam War-IV. Besides this, China has been using economic diplomacy as an instrument of its Sri Lanka policy because Beijing has not only emerged as a major aid donor but also as major investor in Sri Lanka. Major cause of concern for New Delhi is the Chinese involvement in the construction of the Port at Hambantota in Sri Lanka. Though Beijing and Colombo states that this port is being used for commercial purposes, New Delhi is worried about its future use for military purposes. India considered China's presence at Hambantota amounts to its encirclement by China.

However, many argued that Sri Lanka has always been remained mindful of India's interests and concerns but the fundamental question arises here is that whether Sri Lanka has been playing using China against India or balancing its ties with its big neighbour. India's Minister for Foreign Affairs during his visit to Sri Lanka in November 2010 articulated that the relationship between India and Sri Lanka need not to be at the cost of other

countries. During his visit, India signed a number of trade and financial deals with Sri Lanka apart from opening two Indian consulates in Sri Lanka: one in northern Jaffna and second in southern Hambantota. India's decision to provide assistance to construct 50,000 houses in the war-torn areas to rehabilitate the displaced Tamils has been considered significant. Another issue that has always been bothering New Delhi's Sri Lanka policy has been the issue of Indian fishermen who have been frequently arrested by the Sri Lankan Navy on the account of the violation of Sri Lanka's maritime boundary. India wants Sri Lanka to handle this problem on the humanitarian grounds because the Indian fishermen do not violate the maritime boundary of Sri Lanka intentionally, rather in search of livelihood they might have ventured into Sri Lankan territory. Moreover, the maritime boundaries between the two countries are also over-lapping.

Major challenge to India's Sri Lanka policy in the past couple of decade has been how to counter China's increasing influence in Sri Lanka particularly during the rule of President Mahinda Rajapaksa as China supported his regime in Eelam War-IV. Rajapaksa reciprocated this favour by way of allotting several infrastructure development projects to China in Sri Lanka. The \$1.4 billion Colombo Port city project was one of them. However, the execution of port city project came to a halt after Maithripala Sirisena succeeded Mahinda Rajapaksa as President of Sri Lanka. The Prime Minister Wickremesinghe who supported Sirisena in the election stated that the port city project would be scrapped if Sirisena would be voted to power. Colombo port city project was designed to convert Colombo into tourism, living, working and shopping hub. Immediately after coming into power, the Sirisena Regime decided to suspend the project in March 2015 while stating that Sri Lanka required a complete environmental impact assessment. However, it was quite obvious that the port project could not be abandoned because it brings huge Chinese investment on the one hand and also amounts to balancing China in the South Asian region. President Sirisena paid visit to China in the third week of March 2015 to convey the message that Sri Lanka would not go against Beijing and China was also termed Sri Lanka as all weather friend. Publically New Delhi did not oppose the port city project but it conveyed its reservations to Colombo over the location of project in the vicinity of the Colombo port as India accounts for 90 percent of the port's trans-shipment and the harbour handles approximately 30 percent of the container trans-shipment of India. Recently Sri

Lanka dropped all its objections to Colombo port city project when Prime Minister Ranil Wickremesinghe stated during his visit to China in the third week of April 2016 to begin talks on the recommencement of the project.

Notwithstanding the differences on the issue of Tamils and China's increasing influence in Sri Lanka and thereby Beijing's increasing strategic space in the South Asia and Indian Ocean region, India and Sri Lanka have enjoyed a robust trade and investment relationship with bilateral trade growing rapidly in the first one and half decade of 21st Century. Now Sri Lanka is India's largest trading partner in South Asia and the worth of their bilateral trade has reached \$ 5 billion. Further India has also emerged the largest source of Foreign Direct Investment in Sri Lanka.

1.3.4.2 Economic Cooperation

Sri Lanka has long been a priority destination for direct investment from India. Sri Lanka is India's second largest trading partner in SAARC. India in turn is Sri Lanka's largest trade partner globally. Trade between the two countries grew particularly rapidly after the entry into force of the India-Sri Lanka Free Trade Agreement in March 2000.

India is among the top four investors in Sri Lanka with cumulative investments of over US\$ 1 billion since 2003. The investments are in diverse areas including petroleum retail, IT, financial services, real estate, telecommunication, hospitality & tourism, banking and food processing (tea & fruit juices), metal industries, tires, cement, glass manufacturing, and infrastructure development (railway, power, water supply).

1.3.4.3 Recent Developments

The Prime Minister of India, Narendra Modi visited Sri Lanka in March 2015, first bilateral visit by India's Prime Minister after 28 years. Modi has made it clear that India wants a new maritime security architecture for its island neighbours, which will draw them into a closer 'security net'. With Sri Lanka, the government has been clear about what it wants. On the Tamil issue, the PM met with TNA leaders in June, promising he would push for devolution and the implementation of the 13th amendment for them. Modi's planned visit to Jaffna and Talaimannar, the first Indian PM to go there is an affirmation of

India's special concern for the Tamil-majority areas. Secondly, the government has been open about countering China's influence, over construction of major projects, as well as the docking of China's submarines in Colombo harbour, with NSA Ajit Doval issuing warnings to the Sri Lankan naval chief and former defence secretary over it. Thirdly, despite the Prime Minister's "good luck" wishes to former President Mahinda Rajapaksa during the SAARC summit in Kathmandu, Indian officials have been clear that his electoral defeat was to India's advantage, and the four high level exchanges between Sri Lankan and Indian leaders — President Maithripala Sirisena, Foreign Minister Mangala Samaraweera in Delhi, Mr. Modi and External Affairs Minister Sushma Swaraj in Colombo — within 90 days of the government's formation are evidence of just how much India welcomes Rajapaksa's successors.

Statements by the new government, however, seem to indicate that the new government isn't necessarily viewing India's welcome the same way. In the first interview, which has now been debated in parliament, Mr. Wickremesinghe's comments on Sri Lanka's "right to shoot" Tamil Nadu fishermen like intruders, also accusing India of double standards on the Italian marines issue, have been widely commented on.

Rajapaksha Back at the Helm of Affairs: Implications for India

The November 18, 2019 swearing in of Gotabaya Rajapaksa as the new president has brought the Rajapaksa family back into the political limelight in Sri Lanka. It has also spotlighted some of the potential security implications of their return to power.

However, the new president has made repeated statements that his government would like Sri Lanka to be a "neutral country" and that "Sri Lanka won't do anything that will harm India's interests." Gotabaya was also critical of the previous government giving Hambantota Port on a 99-year lease to China and said, "We have to renegotiate." He went on to add that giving land as investment for developing a hotel or a commercial property was not a problem but "the strategically important, economically important harbor, giving that is not acceptable."

Whatever, the future policies he may pursue, however, the new Sri Lankan president opted New Delhi over Beijing for his first foreign visit. Had he gone to China first, he may have blotted his copybook in Indian eyes. But to go beyond the optics, he gave several public assurances, conscious that he will be judged by them in the coming months. He stated during this visit that “... we don’t want to do anything which will jeopardise the security of India, act against the concerns of India in any way.”

Reciprocating the visiting president’s goodwill and positivity, Prime Minister Modi declared that India is Sri Lanka’s “closest maritime neighbour and a trusted friend”, while emphasising New Delhi’s basic policy goal: “A stable, secure and prosperous Sri Lanka is not only in India’s interest but also in the interest of the entire Indian Ocean region.”

These recent developments have generated hopes of a reset in India’s relations with Sri Lanka. Now, Indian and Sri Lankan diplomacy will have to navigate the choppy waters ahead with pragmatism.

1.3.5 LET US SUM UP

To sum-up discussion on India’s Nepal policy, it can be stated that India and Nepal have love-hate relations but still their relations are unique compare with India’s bilateral relations with the other South Asian states. Both are vital for each other because of different reasons. Nepal is significant for India due India’s national security both in conventional and non-conventional sense. India is critical for Nepal due to the transit facility provided by the former to the latter that is actually the life-line of Nepalese economy, society and polity. Prime concern of India’s Nepal policy was to keep Nepal on the orbit of India’s foreign policy. The Treaty of Peace and Friendship (1950) has proved quite handy to serve India’s policy objectives in Nepal but the Nepalese have started questioning this treaty as an un-equal agreement that has institutionalised asymmetrical relations between two neighbours. Nepalese economy, society and polity are closely linked with their counterparts in India because of that India has always been remained an important factor in the domestic politics of Nepal ranging from Nepalese movement for democracy in the 1940s to the drafting and enacting of Nepalese Constitution in September 2015. Due to the proximity of Madhesi people to India, India has always been a critical factor in Nepalese

politics that Nepal never liked. Critical assessment of India's Nepal policy indicates that India has pushed Nepal close to China over the period of time as Beijing has considerably expanded its economic and strategic space in Nepal. Despite that India's Nepal policy has partially succeeded to keep Nepal on board because China cannot replace India as far as Nepal access to Sea is concerned. Further India's cultural and economic linkages are very strong with Nepal. India has been using trade and aid diplomacy apart from the cultural diplomacy to pursue its policy objectives in the Himalayan State.

India's Bhutan policy has been remained quite successful as India enjoys friendly relations with Bhutan. India has always been considered benign state by the rulers as well as the people of Bhutan. Apart from the cultural diplomacy, the economic diplomacy has happened to be an effective tool of India's Bhutan policy. India has been continuously supporting the planned process of economic development of Bhutan since 1960. India succeeded to pursue the leadership of Bhutan to proceed on the modern path of economic development for the all round of Bhutanese society. India's Bhutan policy was guided by the Treaty of Friendship and Peace of 1949 which has replaced by Treaty of Friendship and Peace of 2007. Political transition in Bhutan from absolute monarchy to constitutional monarchy along with parliamentary democracy in 2008 has qualitatively improved the context for India's Bhutan diplomacy. India has emerged as a major stake holder in the energy sector of Bhutan and it has been engaging the latter in joint hydro-power projects in Bhutan. Bhutan's hydro resources and India's technological expertise and energy market have been providing unique opportunities of cooperation between the two countries.

It can be argued that India's interventionist policy towards Sri Lanka had already proved counterproductive as it widened the gap between India and Sri Lanka. India has already changed its policy towards Sri Lanka especially on the Tamil problem; since 1990 New Delhi has stated that Tamil issue is an internal problem of Sri Lanka and it has to resolve it within the constitutional framework of Sri Lanka. During the Eelam War-IV (2006-2009), India supported the right of Sri Lankan government to act against terrorist force as it proclaimed LTTE as a terrorist organization after the assassination of the former Prime Minister Rajiv Gandhi in 1991. Besides this, New Delhi also provided military and political support to Sri Lankan government during the Eelam War-IV. India is certainly for

devolution of power as per the provisions of Indo-Sri Lankan Accord and the 13th Amendment made to the Constitution of Sri Lanka in 1987. However, India opposed the LTTE's violent struggle for separate state of Tamil Eelam while consistently advocating for devolution of powers to the northern and eastern provinces of Sri Lanka. Due to change in India's Sri Lanka policy, it has entered into a phase of more comprehensive relations. India needs to protect and promote its interests in Sri Lanka through persuasive diplomacy rather than strident assertiveness. Now India and Sri Lanka have free trade agreement in place to promote bilateral trade between them and New Delhi has already emerged as the largest trading partner of Colombo apart from being the largest investor in Sri Lanka.

1.3.6 EXERCISE

1. How important are Himalayan States (Nepal & Bhutan) in India's Foreign Policy?
2. Discuss Treaty of Peace and Friendship of 1950 as a corner stone of India's Nepal Policy.
3. How the Treaty of Trade and Transit is inseparable to Treaty of Peace and Friendship in India's Nepal Policy?
4. Critically examine the Changing Nature of India's Policy towards Sri Lanka.
5. Locate the Tamil and China factors in India's Sri Lanka Policy.
6. Why India's Sri Lanka Policy has failed to serve its objectives?
7. Describe India's Bhutan Policy and discuss its changing dynamics over the period of time.
8. Why India's Bhutan Policy has been more successful than India's Nepal Policy?

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – I: INDIA, SOUTH ASIA AND CHINA

1.4 CHINA IN SOUTH ASIA AND ITS IMPLICATIONS FOR INDIA

- Baljit Singh

STRUCTURE

1.4.0 Objectives

1.4.1 Introduction

1.4.2 China's South Asia Policy: Zhou En-Lai to Deng Xiaoping

1.4.3 China's South Asian Policy: A Neo-Liberal Perspective

1.4.4 Pakistan as China's Frontline State in South Asia

1.4.5 Xi Jinping's South Asian Diplomacy

1.4.6 China's South Asian Diplomacy: Approaching through Maritime Route

1.4.7 Let Us Sum Up

1.4.8 Exercise

1.4.0 OBJECTIVES

In this lesson you will study China's involvement with the states of South Asia and Indian Ocean and its implication for India. After going through this lesson, you will be able to know:

- China's South Asia policy in the post-revolutionary period and how neo-liberalism has become a guiding principle in contemporary times;

- how Pakistan is serving as a frontline states for China's South Asian policy;
- how China's 'One Belt One Road' and 'maritime silk route' have become major policy instruments for promoting its interests in the South Asian region.

1.4.1 INTRODUCTION

China was interacted mostly with the kingdoms of Southeast Asia and had relatively little interaction with South Asian states in the past. However, from the twentieth century onwards the People Republic of China realized the vitality of South Asia for its security. To begin with China's South Asia vision had been unusually sensitive to its security and integrity because historically China's regions of Tibet and Xinjiang had been considered its soft underbelly where China had been repeatedly hit by expanding empires like Russian and the British as argued by Swaran Singh. In the Post-Colonial period, Pakistan joined the western alliance system SEATO and CENTO and Dalai Lama's arrival in India during late 1950s, made Beijing suspicious about its South Asia neighbours that resulted in Sino-Indian war of 1962. In order to ensure its security, China wanted to establish its foothold in the South Asia region. To realise that, some leaders of China Communist Party (CCP) floated the idea of Himalayan Federation comprising Nepal, Ladakh, Bhutan, Sikkim and India's Northern Eastern Frontier Province (NEFA) under the leadership of China. Scared of such a mind-set, the small South Asian states and India signed various mutual security treaties in the late 1940s and early 1950s that further widened the gap between China and South Asia. However, China continued its efforts to connect with South Asian neighbours and India's conflict with Pakistan and uneasy relations with Sri Lanka and Nepal helped Beijing in a great deal to cultivate the small countries in this region.

1.4.2 CHINA'S SOUTH ASIA POLICY: ZHOU EN-LAI TO DENG XIAOPING

China under the leadership Zhou En-Lai started engaging the small South Asian countries in general and Pakistan in particular while fought an open war with India. Beijing used aid as an instrument of its diplomacy in the South Asian region and it was quite enthusiastic to expand economic engagement and military supplies on favourable terms to small states. China adopted anti-India posture in 1970s by supporting Pakistan on the issue of Kashmir, treating Nepal as a Zone of Peace and Sri Lanka's proposal on the

Indian Ocean as a Zone of Peace and also supporting Islamabad's proposal for making South Asia Nuclear Weapons Free Zone. However, the most tangible gain of China's South Asia policy during this phase was China's friendly relations with Pakistan. The next phase of China's South Asia policy under the leadership of Deng Xiaoping was characterised by pragmatism as national interest became the sole basis of its South Asia policy in general and foreign policy in particular. This phase was expected to witness the Sino-Indian rapprochement and thereby to achieve substantive progress on count of their bilateral relations. It was expected that China would gradually distance itself from small South Asian countries and would develop equation with New Delhi. But later on, there was a change in China's position as it was changing the terms of economic engagement with India by making it more businesslike. China continued the policy of playing with small South Asian neighbours against India.

China has been remained most friendly with Pakistan, Nepal, Sri Lanka, Bhutan and Bangladesh, whereas, its India policy has been characterised by the hostility, bitterness and trust deficit. In the 1950s, both the countries were posing very close to each other as their relations were characterised by the principles of *Panchsheel* but in the late 1950s, the differences started emerging between Beijing and New Delhi that culminated into a full-fledged war in October 1962. Since then the conflict has remained the dominant element in their bilateral relations. In the early 1970s, China proximity with Pakistan and the United States in the South Asian region has shaped Beijing's attitude towards New Delhi. Pakistan-US-China axis brought India close to Soviet Union that in turn shaped China's policy towards India.

I.4.3 CHINA'S SOUTH ASIA POLICY: A NEO-LIBERAL PERSPECTIVE

Although, in late 1980s, the efforts were made to normalise their relations by initiating dialogue on boundary dispute by constituting a Joint Working Group (JWG) but these efforts could not yield anything substantial. In the post-Cold War period their policy towards each other has been characterised by the dictum of engagement and containment as their interests are converging in some areas and diverging in other areas simultaneously. At present, China is the largest trading partner of India with their bilateral trade stood at \$72 billion in 2014-15. They have already put many agreements in place to institutionalise

and strengthen economic linkages. For instance, India and China signed a draft Bilateral Investment Promotion and Protection Agreement (BIPA) during President Hu Jintao's visit to India in November 2006. Their relations experienced an upswing in 2012-2013 and they designated that year as a year of India-China Friendship and Cooperation. During Chinese President, Hu Jintao's visit to India to participate in BRICS Summit in March 2012, he told the Prime Minister of India, Manmohan Singh that "it is China's unswerving policy to develop Sino-Indian friendship, deepen strategic cooperation and seek common development. China hopes to see a peaceful, prosperous and continually developing India and is committed to building more dynamic China-India relations". However, the boundary issue continuously shaped their policies towards each other as it was evident from the first meeting between the new Chinese President, Xi Jinping at the sidelines of 5th BRICS summit in Durban on March 26-27, 2013, in which it was articulated that the boundary issue is leftover from history and cannot be solved overnight.

India's relations with the South Asian countries became complex over the period of time. Due to that China had steadily expanded its sphere of influence in the South Asian region. China has always questioned, India's claim for an exclusive sphere of influence in South Asia which was earlier known as Indian sub-continent. Beijing did not do much as India's small neighbours stated mobilizing the external powers to expand their bargaining power vis-à-vis India. With China's annexation of Tibet, it has become India's immediate neighbour. This also facilitated China's penetration in South Asia that has adversely influenced India's relations with its South Asian neighbours. China had emerged as India's most formidable neighbour that has been undermining India's role not only in the South Asian region but also in Asia at large.

Initially Beijing started cultivating the South Asian states including Nepal, Bhutan and Pakistan sharing land borders with China but from the beginning of twenty-first century, Beijing initiated the process to connect with South Asian countries having maritime boundaries and territories. China has been developing the ports of Pakistan, Bangladesh, Sri Lanka and Myanmar. Its penetration in the maritime space of South Asian states is irking New Delhi because China has been expanding its sphere of regional influence by encircling India with a "string of pearls" that could eventually undermine India's pre-eminence in the Indian Ocean Region (IOR) to which New Delhi now considered part of its

neighbourhood. In the 1990s, China's and India trade with Sri Lanka, Pakistan, Bangladesh and Nepal was roughly equal but in the last one and half decade, China has outpaced India in deepening trade ties. While cultivating these South Asian states, China has been enjoying double advantage; first these countries provide their markets for Chinese product and second, alternative routes to the Indian Ocean. Through these routes Chinese ships now reach through narrow channel between Indonesia and Malaysia known as the Strait of Malacca.

China has already doubled its exports to Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka from 2003 to 2012. In addition to trade, China has offered hundreds of millions of dollars in investment for large infrastructure projects including port facilities in Bangladesh, Myanmar, Pakistan and Sri Lanka. Some of China's big infrastructural projects in South Asian countries appear geopolitically motivated, whereas other are economically driven. Beijing's increasing access to naval basis and airfields and its improving diplomatic relations with South Asian countries encircling India reflects an attempt to establish regional dominance as argued in the "string of pearls" theory. The Chittagong port of Bangladesh directly borders Northeast India, so is the Hambantota Deep Seaports in Sri Lanka, which has raised suspicions in India that China is trying to encircle India and increase its ability to project power in the South Asian region. China has tremendously increased its trade with Bangladesh and has a vested economic interest in gaining further access to Bangladeshi market. However, Bangladesh categorically stated that the port is intended purely for commercial purposes but the possibility of its military use cannot be totally ruled out. Geopolitical arguments are equally plausible, especially given the close proximity of Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka to India. Having a history of border disputes, India and China are natural competitors for influence and resources in the South Asian region. Desire of power projection are motivating China to strengthen economic ties with the countries surrounding Indian Ocean. China's increasing economic activity in Bangladesh, Pakistan, Maldives and Sri Lanka has been substantiating this argument.

1.4.4 PAKISTAN AS CHINA'S FRONTLINE STATE IN SOUTH ASIA

Pakistan has been China's most trusted allies in South Asia as both have been having convergence of strategic interests and India has always been driving Beijing and Islamabad close to each other. Although, Pakistan was among the first few countries to recognise People's Republic of China (PRC) in the 1950s but Islamabad and Beijing began to nurture close proximity following the 1962 Sino-Indian war. China provided first military assistance to Pakistan in 1966 that was followed by the strategic alliance partnership in 1972 and economic cooperation since 1979. At present China is Pakistan's largest supplier of arms and they also assisting Pakistan's civil nuclear power sector. Beijing has helped in building the Khushab reactor. In 2011-2012, Obama Administration initiated an extensive pivot from Europe and the Middle East to Asia. Now US rebalancing is going hand in hand with Chinese recalibration in the region including South Asia. It can be stated that Chinese rebalancing in South Asia is not only a response to Obama's policy of Pivot to Asia but also reflects China's rising strategic weight, the structural crises of the major advanced economies and the shift of economic momentum to Asia.

During his visit to China in 2013, the Prime Minister of Pakistan Nawaz Sharif said "our friendship is higher than Himalayas and deeper than the deepest sea in the world, and sweeter than honey". His visit not only resulted into the expansion of mutually beneficial trade and investment but also heralds China's rebalancing in South Asia. Their friendship is larger than the economic relations as it is evident from Beijing's support to Islamabad's position on Kashmir, while Pakistan supports China on the issues of Xinjiang, Tibet and Taiwan. China is also the largest investor in Pakistan's deep-water port at Gwadar which is strategically located at mouth of the Strait of Hormuz. They are planning to connect Kashgar in Western China to the Arabian seaport of Gwadar. Gwadar port has strategic and economic worth for China because 60 per cent its oil comes from the Persian Gulf by ships travelling over 16000 kms in 2-3 months but Gwadar could reduce the distance to 2500 kms and serve round the year. India sees Gwadar less as economic and more in strategic terms as a key port of the Chinese strategic ambition to project its power into the Indian Ocean. The Gwadar port project has the potential to change the game but its limitation is that the land route will run through Baluchistan province, where gas and mineral projects have already sparked insurgencies.

I.4.5 XI JINPING'S SOUTH ASIAN DIPLOMACY

China under the leadership of Xi Jinping appears to have shifted the focus of his regime's policy towards South Asia. In the changed policy framework, China is willing to adopt trilateral approach (China, India and the concerned South Asian country) towards resolving/tackling issues in the South Asian region. During his visit to India in September 2014, President Xi Jinping referred to South Asia's probable emergence as the new growth pole powering the economy in Asia and even in the world. He further stated that "a peaceful, stable and prosperous South Asia conforms to China's interests and Beijing is willing to align its development strategies with those of South Asian countries to achieve mutually beneficial development and common prosperity". President Jinping considered China's 'One Belt One Road' (OBOR) proposal in the joint interests of the PRC and the South Asian countries and expressed the hope that the proposal would lead to boosting the interconnectivity of countries along the traditional land and maritime Silk Road, making their economies prosperous and trade complementary to each other. His remarks on South Asia during his visit to Islamabad in April 2015 have almost identical with what he stated in New Delhi. The shift is getting manifested in Jinping's efforts to establish economic connectivity with the South Asian countries particularly through implementing schemes like the Silk Road Economic Belt (SREB) that would be established along the Eurasian land corridor from the Pacific coast to the Baltic Sea and the 21st century Maritime Silk Road (MSR) connecting Asia and Europe through sea route. If these proposals will be materialised, it will facilitate China's gaining of direct access to the Indian Ocean and beyond, besides helping Beijing in augmenting its influence in South Asia and Central Asia. China is to invest \$ 46 billion in various projects in Pakistan including construction of roads, railways, pipelines, fibre optic cables, power facilities and economic development zones. President X Jinping's pronouncements do not reveal strategic imperatives underlying China's South Asia policy. Strategically, how his regime has been viewing ties with South Asian states, became clear when Chinese Foreign Minister Wang Yi and adviser to Prime Minister of Pakistan on National Security and Foreign Affairs, Sartaj Aziz, while taking stock of regional developments during the visit of former to Islamabad on February 14, 2015, agreed on the need of maintaining strategic balance in South Asia. Pakistan's core concern is the lack of ability to establish strategic balance vis-à-vis India in this region due

to challenges from the conventional and nuclear imbalances between India and Pakistan. Significantly, Beijing appears to have extending helping hand to Islamabad through Wang Yi-as China helped Pakistan to conduct nuclear tests in end May 1998 after India conducted nuclear tests on May 11 and 13, 1998. Another issue bothering New Delhi has been that Xinping vigorously pursuing the SREB and MSR initiatives known as ‘One Belt and One Road’ (OBOR) project, of which the proposal of ‘China-Pakistan Economic Corridor’ (CPEC) is part and this corridor passes through Pakistan Occupied Kashmir (POK).

Pakistan has become strategically so important for China’s South Asia policy that Beijing has refused to take note of Pakistan’s increasing role in spreading terrorism in South Asian region despite the fact that even the Uighour Muslims fighting against China are trained in Pakistan. Whereas, China decided to cancel the boundary talks between the Dai Bingguo, a Chinese representative and Shivshankar Menon, the India’s National Security Advisor when they coincided with the Buddhist Conference in New Delhi in which Dalai Lama was expected to address. China pressurised India to cancel the conference but India refused to do that by arguing that the Buddhist Conference is spiritual in nature and the religious freedom is an essential part of its policy initiatives both at the internal and external level. But India has always recognised the importance of China in the regional politics in South Asia. Keeping that in view, India’s Prime Minister Narendra Modi invited the Chinese President to India. When Chinese President visited India there was a famous *Chaye-Pe-Charcha* in Ahmadabad between Chinese President Xinping and India’s Prime Minister Narendra Modi. Subsequently India’s Prime Minister Modi visited China and in a span of one year 24 agreements were signed including agreement on skill development and entrepreneurship and a space cooperation outline for the next five year, In addition to it, the famous sister city programme was launched between the respective cities of India and China like Chennai-Chongqing, Hyderabad-Qingdao and Aurangabad-Dunhuang. Notwithstanding that and the slightly improved regional scenario for India, New Delhi still has to face two perennial hurdles in the South Asian region: first is China and second is Pakistan backed by China. However, no reference to Pakistan was made during the visit of Chinese President to India and Indian Prime Minister to China in 2015 but Chinese political support to Pakistan has been intact as China vetoed the Indian proposal for the UN condemnation of Pakistan for continuous patronage of terrorism against India.

Another issue bothering India in South Asia has been, China's increasing economic penetration in Nepal with whom New Delhi has been having special relationship. King Mahendra facilitated China entry in Nepal by openly advocating the pro-China and anti-India policy as King believed in India support to movement for democracy in Nepal. He was looking for the international and regional support to reduce Nepalese dependence on India and China proved quite handy in that. China's interest in Nepal are huge as both are sharing a long border about 1414 kms but China has been seriously attempting to replace India as the primary arms supplier

China under the leadership of President Xi Jinping has been penetrating in India's neighbourhood and thereby gaining capabilities to influence the latter strategically. China has already become the largest investor in Sri Lanka. During Jinping's recent visit to Colombo, Sri Lanka and China reached 27 agreements including one to start negotiations on a free trade agreement. Beijing has several large scale ongoing projects in Bangladesh including deep sea ports in Chittagong and Sonadia Island. China has plans to build a road and rail link through Myanmar to connect the Chinese city to Kunming to Chittagong. Beijing has invested heavily in the Nepalese energy and transportation sectors including a \$1.6 billion hydropower plant and \$1.9 billion railroad project to connect Lhasa to Kathmandu.

I.4.6 CHINA'S SOUTH ASIA DIPLOMACY: APPROACHING THROUGH MARITIME ROUTE

Imperial Chinese interactions with the Indian Ocean Region were oriented mainly towards the Burmese and Thai civilizations, through which trade routes passed from southern China. Major shift from state driven command economy to a market driven command economy increased the significance of Indian Ocean for China's economic growth. Globalization of China's economy since late 1970s has led to its unprecedented reliance on the seas for China's economic well-being. It has already been reflected in the various container ships that leave Chinese ports for foreign destinations but also in the fleets of oil tankers and break-bulk carriers which are carrying oil and ore to sustain the economic growth and thereby to feed China's economic well-being. As its economy has grown, China has become increasingly dependent upon imports to fuel and sustain its economic

growth. China has been importing oil from outside and much of it is brought by tankers from the Persian Gulf via the Indian Ocean through the Strait of Malacca. China's increasing economic capabilities have also improved its military capabilities and thereby its strategic interests that have expanded over the period of time. Economic interests are always accompanied by the strategic concerns of China.

In order to realise and secure its economic interests in the Indian Ocean, China has started cultivating the maritime South Asian nations including Pakistan, Bangladesh, Sri Lanka and Maldives apart from Myanmar a Southeast Asian nation. It has been stated that Beijing has been cultivating relations with these states to forge a nascent anti-India coalition to counter India in the Indian Ocean. This has also been referred to as the "String of Pearls" strategy of China. China has helped Pakistan in the construction and modernization of Gwadar Port. Beijing has provided financial and human resource for the development of this port that including \$200 million as an initial investment and the construction of three multi-purpose berths. Location of Gwadar port will be a convenient transporting facility near the Persian Gulf but outside the Strait of Hormuz if it will be supported rail and road network. It is expected that this port may serve as a western terminus on the Indian Ocean for the movement of oil and other supplies into China. It would reduce the exposure of the Chinese oil lifeline in the Indian Ocean by eliminating the need to transit waters and pass through the Malacca Strait. Although, both India and China have been using aid as an instrument of their policies towards the South Asian States but Chinese aid has become more attractive because Beijing does not interfere in the domestic affairs of the aid recipient nations. Due to that Chinese aid has not only attracted Pakistan but also Sri Lanka and Myanmar. Like other South Asian littoral states of Indian Ocean, China has remained very forthcoming in economic cooperation with Sri Lanka. The classic case in point is the two ongoing projects are the Norochcholai Coal Power Project and the construction of a large container port at Hambantota, with some \$300 million in funding from China's Export-Import Bank. The former would help to meet Sri Lankan power requirements in the coming decades. The port development and the oil-bunkering/storage facilities, when completed in Hambantota would be mutually beneficial asset to both countries. Further this would provide China access to Hambantota port and thereby access to Indian Ocean. In order to reduce the criticality of Malacca Strait for its energy supply lines, China has been

developing alternative ports and pipelines such as in Pakistan and Myanmar. Even if China's oil lifeline did not have to transit the Strait of Malacca, it would nonetheless traverse significant portions of the Indian Ocean. Expanding India's naval presence in the Indian Ocean means that Chinese economic development is potentially at the mercy of India as well as the United States. In this context balancing India is likely to be growing Chinese concern, not simply for the security of China's lifeline, but also because of India's overall growth.

To protect its maritime interest, India has perceived Indian Ocean as its "immediate and extended neighbourhood", vital for its security for which India must assume a degree of responsibility in shaping its future. India's four-pronged vision for the IOR was unveiled during India's Prime Minister, Narendra Modi's visit to Mauritius in March 2015. It focuses on defending India's maritime territory and interests; deepening economic and security cooperation with maritime neighbours and island states; promoting collective action for peace and security and seeking a more integrated and cooperative future for sustainable development. This policy posture of India seems to achieve three objectives. First to check, China's expanding influence amongst the littoral states of Indian Ocean and thereby in the Indian Ocean. China has also proposed a 'maritime silk road', intended to revive a trade route running from China through Southeast Asia and the Indian Ocean to Europe. To counter China's MSR initiative, Indian government has recently launched '*Project Mausam*' -a transitional initiative to revive India's ancient maritime routes and cultural linkages with countries in the region. Second, to build and expand India's security links with Island states to ensure its role as a 'net security provider' in the Indian Ocean Region. Indian Prime Minister, Modi's visit to the Seychelles, Mauritius and Sri Lanka in March 2015 demonstrated it. Third, to maintain maritime dominance over the Indian Ocean, India has been augmenting its naval capabilities with the acquisition of aircraft carriers and nuclear-armed ballistic missile submarines. The government has recently unveiled an \$8 billion naval building plan.

In the contemporary era, China's South Asia policy has been shaped by the various factors and forces apart from the changing geo-political, geo-economic and geo-strategic scenario in this region and Asia & Indian Ocean at large. Most important of these is

China's image as an emerging major power which has induced China to look its policies in order to be acceptable at the Regional, Asian and Global levels. This has led to increasing political and moral restraints on its South Asia policy. Second, in the neo-liberal era, China has changed its economic diplomacy towards the South Asian countries. It has changed its policy of ensuring security by promoting development in the small South Asian neighbours instead of providing huge grants to them. This is also considered a shift from economic to commerce diplomacy as it has resorted to cash trade and joint ventures for mutual benefits for both the partners thereby China is generated revenue as well as goodwill. Third, It is argued that confident China is now more comfortable to tackle the big neighbour directly rather than playing the small South Asian countries against the big country of this region.

During his visit to India to New Delhi (September 2014) and Islamabad (April 2015, Chinese President, Xi Jinping referred to South Asia's emergence as the new growth pole powering the economy in Asia and even the world, stated that "a peaceful, stable and prosperous South Asia conforms to China's interests. China is willing to align its development strategies with those of South Asian countries to achieve mutually beneficial development and common prosperity". He argued that that China's "One Belt and One Road", initiative is in the joint interest of the People Republic of China (PRC) and the South Asian nations as it would boost the interconnectivity of countries along the traditional land and maritime Silk road making their economies prosperous and trade complementary. However, India is neither subscribing to China's Silk Route Economic Belt (SREB) nor to its Maritime Silk Road (MSR) as it believes that these proposals would facilitate China's direct access to the Indian Ocean and beyond. It is really bothering New Delhi because Jinping is seriously pursuing the SREB and MSR of which the proposal of 'China-Pakistan Economic Corridor' (CPEC) is part and that passes through the Pakistan Occupied Kashmir (POK). China led infrastructure development of the SREB and CPEC projects have the potential to shift the focus of geo-economic power towards Eurasia and undermine the 'Asia Pivot' of the United States. India has already expressed its concerns regarding the railway projects falling under 'One Belt One Road' initiative designed to link Pakistan and China via POK, where China's troops are reported deployed to protect the construction workers and professionals. Sri Lanka was the first South Asian states to publically support China's MSR plan and it is expected that Colombo will be immensely benefitted from this Chinese

initiative by way of attracting the huge financial assistance. Although, Pakistan has not officially approved China's MSR proposal but the huge Chinese investment in the construction of Gwadar port indicates that Islamabad would come along in the near future. Further, Beijing's expectations from the MSR has clearly demonstrated at the Bo Ao Forum Conference in March 2015 wherein China articulated that creation of maritime facilities with China's assistance would have an obligation on the host country to serve China's interests including strategic interests as argued by D. S. Rajan. This has posed a question mark to China's balanced approach towards South Asia.

Major factors shaping China's South Asia policy are: to neutralise the perceived US strategy to contain China with support of regional nations; to ensure the economic development of China's border areas while cooperating with South Asian countries in exploitation of much needed energy resources; protecting oil transport security in the Indian Ocean region; to generate support for 'One China Policy' and to check the export of terrorism from South Asia to China's South Western border areas. Major challenge confronting China's South Asia policy is how to ward off India's worries about China's threat. However, in its changing policy perspective on South Asia, China has stated that it is keen to promote the peaceful development and cooperation in this region for the benefit of all but China's expanding sphere of influence in the South Asian and Indian Ocean region has become the cause of concern for India. Further, China supports Pakistan's position on Kashmir whereas Islamabad supports Beijing on the issues of Xinjiang, Tibet and Taiwan. China's supports Pakistan's nuclear programme and thereby ensured nuclear parity between India and Pakistan; it is also cooperating in Pakistan's civil nuclear power sector. Beijing has helped in building the Khushab nuclear reactor in Pakistan.

During the last fifteen years, India's South Asia diplomacy has not been very successful in comparison with China that provided space to the China in South Asia. China's building of port facilities in Pakistan, Bangladesh, Sri Lanka and Maldives have helped Beijing to expand its trade ties in the Indian Ocean region but it has posed a maritime challenge to New Delhi apart from negatively affected their relations with these countries. The MSR initiative will result into the expansion of China's naval influence in Indian Ocean which will have implications not only for India's maritime security but also its

status as maritime power. In this regard, there are two schools of thought in India. First school of thought believes that China's penetration in Indian Ocean through its South Asian client states has posed a real maritime security challenge to India because Beijing can use the port facilities being constructed with its assistance for military purposes. But second school of thought argued that China's naval presence in Pakistan at Gwadar, in Bangladesh at Chittagong, in Sri Lanka at Hambantota, in Myanmar at Sittwe and Maldives can never be a maritime security concern for New Delhi as these ports fall within the range of Agni-III Intercontinental Ballistic Missile. Further, India is also capable to use sea based missile to destroy these ports. According to strategic experts, if a country's naval base falls within the range of its rivals' air attacks and missile range then it cannot be considered strategic asset. Moreover, these ports are not Chinese ports, rather they are located in the South Asian littoral states and build with Chinese assistance thereby it depends upon the sweet will of these host countries to allow Beijing to use these ports for military purpose.

1.4.7 CHINA IN SOUTH ASIA: INDIA'S RESPONSE

As stated above, China's growing collaboration with India's neighbours has created a sense of unease in New Delhi. Like any rising power with global ambitions, China is looking to expand its presence and increase its profile beyond its immediate neighbourhood. Naturally, as China's influence in South Asia grows, India is faced with the challenge of managing its relationship with its biggest neighbour and competing to maintain its prominence in the region.

India has begun to view China's commercial initiatives as a means to advance its strategic ambitions in ways that often are not conducive to India's interests. Former Indian foreign secretary Subrahmanyam Jaishankar, presently Minister for External Affairs, noted in 2016 that the "interactive dynamic between strategic interests and connectivity initiatives – a universal proposition – is on particular display in our continent." He went on to caution against countries using connectivity "as an exercise in hard-wiring that influences choices." The view that connectivity offers a set of tools to influence other countries' foreign policy choices has become commonplace in analysis about the China-led Belt and Road Initiative (BRI). In South Asia, the BRI underscores the growing Sino-Indian competition in the subcontinent and the Indian Ocean region.

In its strongest stance on the BRI to date, India marked its protest by not attending the Belt and Road Forum that China hosted in May 2017 and after that as well. India questioned the initiative's transparency and processes and opposed the China-Pakistan Economic Corridor (CPEC) due to concerns about territorial sovereignty. India is not opposed to infrastructure development in the region, but it is concerned about the strategic implications of certain Chinese-led initiatives. A primary concern for New Delhi is that Beijing will use its economic presence in the region to advance its strategic interests. One notable example is the strategically located port of Hambantota, which the Sri Lankan government was forced to lease to China for ninety-nine years in 2017. The port was built using Chinese loans but, due to the high interest rates, Sri Lanka was unable to repay and incurred a burgeoning debt burden.

The Indian government's May 2017 statement conveys the Indian view that the BRI is not based on principles such as good governance, rule of law, and transparency. It also suggests the initiative creates unsustainable debt burdens in some recipient countries. The Indian government's May 2017 statement also claims that China has exhibited a disregard for territorial integrity, particularly with respect to the CPEC, which runs through the disputed territory of Kashmir. According to India, this is a violation of its sovereignty, and participating in the BRI would undermine New Delhi's position on the dispute, as Beijing supports Islamabad's view of the dispute.

The tensions that are growing between India and China are blown up during the Doklam tension in 2017 when both the militaries came closer to each other. However, due to the maturity shown by political leadership thwarted the full blown crisis to deteriorate into military conflict. The greatest bilateral crisis in decades, Doklam erupted amid escalating competition between the two giants in Asia and the Himalayan belt, more assertive Indian policy on the "Tibet issue," an increasing security dilemma partly fueled by closer U.S.-India relations, and the advancement of China's Belt and Road Initiative (BRI) in South Asia, as well as tensions over the two sides' territorial dispute. The Doklam crisis served as a warning to both sides that the tensions caused by their competition and by their unresolved border can easily escalate and derail their relationship.

The next year, in 2018, the two sides engineered a badly-needed peace during the informal summit at Wuhan between Chinese President Xi Jinping and Indian Prime Minister Narendra Modi. The summit established a mechanism of informal meetings between the leaders of the two sides, helped them understand and partly assuage each other's concerns on a number of issues, and refocused relations on cooperation. In short, in the shadow of Doklam the Wuhan summit put relations on an upward trajectory. However, crucially, Wuhan did not resolve any of the underlying sources of tension between Beijing and Delhi.

However, the BRI's continued expansion into South Asia and toward the Indian Ocean has also pushed China closer to Pakistan, through which the crucial China-Pakistan Economic Corridor passes, at the inevitable expense of its relations with India. Against this bilateral and geostrategic background, three characteristics have marked China-India relations in 2019.

First, the two sides have sought to keep the momentum of improving relations that was generated by the Wuhan summit. While the last year has seen this momentum slow, with tensions over issues such as Kashmir and growing disillusionment with the "Wuhan spirit," China and India have not given up on their improved post-Wuhan relationship, aware that the alternative is the costly and dangerous deterioration of relations. The commitment to improved relations was embodied in the informal Mamallapuram summit, a follow-up to the Wuhan summit, which demonstrated that the informal summit mechanism between the countries' leaders and their personal relationship will play a central role in managing relations. China and India have also sought to build confidence and expand cooperation by joint international projects. For instance, in June 2019 China and India made a tentative attempt to revive the long-planned Bangladesh-China-India-Myanmar (BCIM) corridor, while in November they presided over the second edition of a joint training program for Afghan diplomats agreed during the Wuhan summit.

The two sides also made concessions to each other in 2019 to keep the upward trajectory of relations. China took a relatively balanced position during the Indo-Pakistan military crisis that followed the Pulwama attack and might have even mediated to de-escalate tensions. Beijing also agreed to stop blocking the UN from listing Masood Azhar as terrorist, a long time Indian complaint, after some hard bargaining and international

pressure. For his part, Modi clearly bowed to Chinese sensitivities when he did not invite the political head of the Tibetan government-in-exile and a Taiwan representative to his second inauguration in 2019 as he did to the first one in 2014. Moreover, the Indian government consistently sought to sideline the “Tibet issue” in the past year and remained completely silent of the 60th anniversary of the Dalai Lama’s flight to India.

Second, in 2019 China and India worked hard to manage various bilateral points of tensions. Fearful that the many issues on which their interests clash would produce tensions or even a crisis that would disrupt their post-Wuhan thaw, the two sides tried to manage these issues. India’s change of Kashmir’s status in August was the most important point of tension that shook China-India relations in 2019, as Beijing brought the Kashmir issue to the UN Security Council and leaned toward Pakistan’s position as India postponed regular talks on the border dispute. However, both sides ensured that tensions would not go out of hand and moderated their positions prior to the Mamallapuram summit that was held in October 2019. China suggested that Kashmir is a bilateral China-India issue and gradually toned down its position, while India insisted that Kashmir’s status and the formation of an union territory in Ladakh has no impact on the China-India territorial dispute, with which Kashmir is connected. The talks for the territorial dispute were rescheduled for December.

Similarly, the two sides have made efforts to manage the issue of India’s large trade deficit with China, which has consistently caused indignation in India. Following the Mamallapuram summit a new mechanism under the Indian finance minister and Chinese vice premier was set up to address the deficit and promote Indian exports and investment to China. In all these cases tensions affected relations between Delhi and Beijing but the two sides kept them within tolerable limits that did not threaten to upset the applecart of improved relations.

Third, China-India relations in 2019 were also marked by the persistence of deep mistrust between the two sides, mistrust that severely limits cooperation and generates competition. Much of this mistrust is rooted in the inability of the two sides to resolve the numerous contentious issues that divide them. Such issues include competition in the Indo-

Pacific and especially in South Asia, Beijing's entente cordiale with Islamabad, India's expanding rapprochement with the United States and Japan, the "Tibet issue," the unresolved territorial dispute, the deeply unequal economic relationship between the two sides, China's opposition to India's accession to the Nuclear Suppliers' Group (NSG), and the development of the BRI around India. Tellingly, none of these issues has seen much progress in the last year. Instead they either produced tensions between the two Asian giants, such as those over Kashmir, or served as a subtext of their foreign policies.

For example, New Delhi's deep unease over China's gradual construction of a China-centred economic order in Asia and its economic penetration in India played a major role in Modi's decision to pull out of the Regional Comprehensive Economic Partnership (RCEP) negotiations in November. This unease also explains India's continued opposition to the BRI, which was exemplified in New Delhi's nonattendance at the second BRI meeting in April 2019. India's concern about China's rise in Asia in 2019 also pushed New Delhi to pursue further development of the Quad as a hedge against China, as signalled by its agreement to upgrade cooperation in the grouping to ministerial level. Similarly, China continued in the last year to undermine India's position in South Asia. In another episode of its quiet competition with India in the Himalayas, China agreed to build a railway from Tibet to Nepal's Kathmandu, potentially a game changer for its position in the Himalayan country, and made a new push to establish diplomatic relations with Bhutan.

In conclusion, the recent developments offer good and bad news for China-India relations. The good news is that the improvement in China-India relations started at Wuhan has been secured and reflects the genuine commitment of the two sides to keep their relationship above water. This offers a rudimentary basis for further improving relations. The bad news is that the continued improvement in China-India relations is based more on the fear of confrontation than on any real agreement and mutual accommodation. Hence, it cannot produce any substantive progress on contentious bilateral issues. However, without such progress, the improvement in relations cannot survive on the long run. Hence, in the future, the two sides need to safeguard the improvement in their relations against disruptive tensions but also to make real, substantive progress on the issues that produce these tensions.

I.4.7 LET US SUM UP

To sum-up, it can be articulated that South Asia has moved from periphery to centre of China's South Asia diplomacy over the period of time. Past history indicates that China was more connected with Southeast Asia instead of South Asia. China started engaging the South Asia due to its increasing security emanating from its occupation of Tibet and politically volatile situation prevailing in Xinjiang province. China's engagement with South Asian States has moved beyond continental security concerns to economic & trade interests and from growing economic concerns to maritime security and energy interest. It can be argued that China's South Asia policy has become more inclusive not only in spatial terms as it comprises both continental as well as maritime thrust but also in terms of its variety of interests like territorial security, economic interest, maritime security and energy security.

Although, China has been engaging India in the post-Cold War period but Beijing's expanding sphere of influence has become a cause of concern for India. China's policy towards India has been shaped by the principle of engagement and containment wherein Beijing has been directly engaging New Delhi but at the same time containing it by supporting India's South Asian adversaries through continental as well as maritime routes. China's increasing economic presence in the South Asian states and growing maritime presence through its client states in Indian Ocean region have security implications for India. Beijing's policy of string of pearls followed by its initiative of OBOR consists of MSR, SREB and CPEC have posed real time challenges to India's policy makers because these initiatives amounts to China's interference in India's area of influence in South Asia as well as in the India Ocean region. New Delhi considers South Asian region and Indian Ocean region as its sphere of influence wherein India is also projecting its power. Interestingly China has also been trying to expand its area of influence in India's continental as well as maritime surrounding. India has also been responding by penetrating in China's immediate surrounding through its Look East Policy. China treats Southeast Asia as its area of influence in the same way India has been treating South Asian region and Indian Ocean region as its areas

of influence. For Beijing the small South Asian states are client states whereas, India is competitor and strategic rival notwithstanding its economic engagement with New Delhi.

1.4.8 EXERCISE

1. Discuss the Changing Nature of China's South Asia Diplomacy.
2. Describe the continental thrust of China's South Asia Policy.
3. How China's South Asia Policy acquired maritime thrust?
4. Why China is becoming increasingly more acceptable in South Asia?
5. Is China expanding its influence in South Asian region at the cost of India?
6. What are the instruments of China's South Asia Policy?
7. Discuss China's MSR and SREB as instruments of China's South Asia policy.

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – II: INDIA, SOUTH EAST ASIA AND FAR EAST

**2.1 INDIA'S POLICY TOWARDS SOUTH EAST ASIA:
CHANGING DYNAMICS**

- V. Nagendra Rao

STRUCTURE

2.1.0 Objectives

2.1.1 Introduction

2.1.2 India-Southeast Asia Relations: Historical Background

2.1.2.1 Pan-Asianism and Non-Alignment

2.1.3 India and Southeast Asia during Cold War Period

2.1.4 India-Southeast Asia Relations in Post-Cold War Period

2.1.4.1 India's Look East Policy

2.1.4.2 India and ASEAN

2.1.4.3 Strategic Partnership

2.1.4.4 Trade and Economic Partnership

2.1.4.5 Functional and Development Cooperation

2.1.4.6 Broadening ASEAN-India Defence Cooperation

2.1.4.7 Connectivity

2.1.4.8 Cultural Relations

2.1.4.9 Cooperation in Political Values

2.1.4.10 India and Sub-regional Cooperation in Southeast Asia

2.1.4.11 Look East to 'Act East' Policy

2.1.5 Let us Sum Up

2.1.6 Exercises

2.1.0 OBJECTIVES

In this lesson you will study India-Southeast Asia relations and their significance to India's foreign policy. After going through this lesson, you should be able to know:

- the historical background to India-Southeast Asia relations;
- India and Southeast Asia relations during Cold War period;
- India's growing relationship with Southeast Asia in Post-Cold War period;
- The evolving partnership in strategic, security, economic, political, cultural dimensions of India-Southeast Asia relations.

2.1.1 INTRODUCTION

The Association of South-East Asian Nations (ASEAN) comprises of Indonesia, Singapore, Philippines, Malaysia, Brunei, Thailand, Cambodia, Lao PDR, Myanmar and Vietnam. India's focus on a strengthened and multi-faceted relationship with countries of Southeast Asian region is an outcome of the significant changes in the world's political and economic scenario since the early 1990s and India's own march towards economic liberalisation. India's search for economic space resulted in the 'Look East Policy' (LEP). This is visible from the increase in bilateral trade, cross-border capital flows and people-to-people contact. India and ASEAN have upgraded their ties to a strategic partnership. India has also embedded deeper in the Southeast Asian regional architecture through trade and investment agreements with the ASEAN and individual Southeast Asian countries like Singapore and Malaysia. Recently, in 2014, India has upgraded the LEP to the 'Act East' strategy for deepening and widening engagement with the region. This might witness greater bilateral cooperation on various strategic and security issues.

Apart from ASEAN, India has taken other policy initiatives in the region that involve some members of ASEAN like BIMSTEC, MGC etc. India is also an active participant in several regional forums like the Asia-Europe Meeting, East Asia Summit,

ASEAN Regional Forum, ASEAN Defence Ministers' Meeting + (ADMM+) and Expanded ASEAN Maritime Forum. In this lesson, you will understand India's growing relationship with the Southeast Asian region.

2.1.2 INDIA-SOUTHEAST ASIA RELATIONS: HISTORICAL BACKGROUND

India's cultural relations with Southeast Asia are one of the most fascinating fields of history. Probably no other country has influenced the region as much as India by way of religion, language, and culture and civilization. This interaction, which precedes the beginning of Christian era, has left an indelible impression on almost every aspect of life in a number of countries of the region. It would not be an exaggeration to say that this intercourse has been a vital factor in shaping the history of this area. The most unique feature of this interaction is that it has been entirely peaceful. There is probably no other example in the history of mankind of such cross fertilization between different cultures and people for over two millennia without any involvement of military force. It exported Hinduism and Buddhism, facilitated the spread of Islam, and provided the platform from which Western imperialism could establish itself in Southeast Asia.

Hinduism spread throughout Southeast Asia as early as 9th century, and Hindu empires such as those centred in Angkor and the Javanese complex of Prambanan rank among world's great civilizations. Today, the only sizable indigenous Hindu community in Southeast Asia is found in the Indonesian province of Bali: about 4 million Hindus out of a national population of 242 million, concentrated on one out of the country's 13,700 islands. But Hindu culture forms a deep substratum underlying many of the societies of the region. The physical remains of Southeast Asia's Hindu past are often visible today—the Vaishnavite temples of the oldest layers Angkor Wat in Cambodia; the Saivite temples at My Son in Vietnam and Vat Phou in Laos; the temples to Vishnu, Shiva, and many of their associated deities at Prambanan in Indonesia.

The deep imprint of intense interaction is visible even today in the language and literature, religion and philosophy, art and architecture, customs and manners of the whole of Indo-China, Indonesia, Burma, Thailand and the Malaysian peninsula. The famous

Ankorwat and other Hindu temples in Cambodia, Indonesia, Thailand, Myanmar, Laos, etc. are well-known. There is an evidence of relations between several kingdoms of Southeast Asia and the royal households of coastal India. It must, however, be emphasized that the number of Indian migrants to Southeast Asia was very small. Large scale migrations have only taken place as a result of colonial connection mainly in the 19th and 20th centuries.

2.1.2.1 Pan-Asianism and Non-Alignment Movement

The roots of modern India's self-conceptualization as a linchpin of pan-Asian unity date to the later decades of British colonial rule. A series of Indian intellectuals, most notably Rabindranath Tagore, sought to position India in the cultural context of Asia rather than that of the Raj; in 1927, Tagore spent four months touring Southeast Asia, and published his observations as *Java Jatrir Patra* (Letters of a Traveller to Java). Throughout the 1930s and 1940s, this pan-Asianism dovetailed neatly with anti-colonialist sentiments of populations throughout the continent.

Much before India attained independence in August 1947, Indian leadership envisioned the future importance of Southeast Asia and India's involvement. India convened the Asian Relations Conference in New Delhi in March 1947 primarily to express solidarity with the freedom struggles all across Southeast Asia. Equally important was the Special Conference on Indonesia that was held in January 1949, which was attended by 15 nations, to express support to the Sukarno-led armed struggle against the Dutch colonial rule. In fact it has been argued that freedom struggles especially in Indonesia and Vietnam provided major inputs in shaping the nascent Indian foreign policy in the late 1940s. Interestingly, the Indian military trained the armed forces of Indonesia after it became independent, and Indonesia was the only country outside the Commonwealth with which the Indian Navy held joint exercises.

After India's independence, Prime Minister Nehru expanded the notion of pan-Asianism to a global stage, conceptualizing a community of decolonized nations that would be genuinely independent of both the United States and the Soviet Union. This Non-Aligned Movement (NAM) would be the core of Nehru's foreign policy for more than a decade, and one of the pillars of his legacy. Indeed, the ideals and aspirations of Non-

Alignment continue to exert a powerful influence on India's actions on the international stage to this day.

India's neutralist/non-aligned policy had considerable appeal in Southeast Asia even as the Cold War rivalry started showing its impact on the region. Due recognition was accorded to India's stature as a regional power when it was made the Chairman of International Control Commission that was set up under the 1954 Geneva Accord on Vietnam. The Afro-Asian Conference (also called the Bandung Conference) in April 1955, which India had co-sponsored and actively participated, is a major turning point in the history of Third World movement. Ironically, the politics of Cold War and the internal developments in Southeast Asian countries resulted in India's isolation from the region.

The distinct prospect of facing the twin threats from Pakistan and China simultaneously compelled India to move closer to the former Soviet Union. While India was trying to come to terms with changing geopolitical reality in South Asia and elsewhere, Southeast Asia was witnessing radical changes. The founding of ASEAN consisting of anti-communist regimes and the intensification of the American involvement in Indochina had led to polarization within Southeast Asia and by then India's role and involvement in the developments there had come down drastically.

2.1.3 INDIA AND SOUTHEAST ASIA DURING COLD WAR PERIOD

As noted above, the vision of pan-Asian unity lasted less than a decade: Maoist China's support for Communist movements throughout Southeast Asia in the 1960s gave rise to ASEAN. Indonesia, Thailand, the Philippines, and Malaysia faced Beijing-backed plots, conspiracies, or outright insurgency. Burma, which would essentially shut itself off from the rest of the world in 1962, had faced Communist revolts and coup attempts since declaring independence. Singapore also confronted a political Communist threat prior to and immediately after independence.

India was not among the countries that enthusiastically welcomed the formation of ASEAN in August 1967; India's ambivalent attitude towards ASEAN stemmed from the new Asian body's pronounced pro-Western orientation. This led India to wonder about the organization's true purpose, especially in the context of the British Government's decision

at that time to withdraw militarily from east of the Suez and the uncertain US role in Indo-China. ASEAN members were, anyway, initially lukewarm to any idea of India's membership in the regional association for individual reasons. Indonesia, the natural and de facto leader of the organization, feared that if India became a member it would dominate the organization. Coupled with this, India's strong anti-Chinese feelings, particularly after the Sino-Indian border conflict of 1962, might have created an adverse impact on Singapore's majority ethnic Chinese population if India at that time had been admitted as a member of ASEAN. Furthermore, Thailand and the Philippines were opposed to India's non-aligned foreign policy and were overtly pro-USA.

Moreover, after the signing of the Indo-Soviet Treaty of Peace, Friendship and Co-operation by India in 1971, the ASEAN states were suspicious of the USSR's role in determining India's foreign policy towards the region in general, and Viet Nam in particular. After Viet Nam's military intervention in Kampuchea in December 1978, India, by its decision to recognize the Heng Samrin regime in Kampuchea backed by Viet Nam forfeited whatever little goodwill it enjoyed in the ASEAN region at that time. Such Cold War postures created a distance between India and the ASEAN for a long time until the world bipolar structure collapsed in the late 1980s, ushering in a new era of regional equations.

It was only toward the late 1970s and the early 1980s that New Delhi's attention was drawn toward Southeast Asia because of certain developments, especially after the end of the U.S.-led war in Indochina and more importantly after the rift between China and Vietnam. The February 1979 Chinese attack on Vietnam, ostensibly to "teach a lesson" for the latter's military intervention in Cambodia and overthrowing the pro-Beijing Pol Pot regime, brought India and Vietnam closer. India was the only non-communist country that recognised the Hanoi-installed Heng Samrin government resulting in the establishment of close security understanding with Vietnam. ASEAN offer of a "dialogue partnership" in mid-1980s to dissuade New Delhi from extending diplomatic recognition to Cambodia was seen to be strategically less advantageous and hence it was not accepted. Thus, much of India's policy toward Southeast Asia in the eighties appears to be China-centric.

Despite its best efforts and some half-hearted attempts to find a solution to the Cambodian impasse, India could not shed its image as pro-Soviet. There was little that

India could do to allay the fears of the non-communist ASEAN nations about Indian intentions in Southeast Asia. Amidst these developments, the expansion of the India Navy came under considerable focus. Some analysts felt that India along with the former Soviet Union and Vietnam might make concerted moves to check growing Chinese influence in Southeast Asia, particularly after the Soviets gained a foothold at Cam Ranh Bay naval base in Vietnam. The spectre of another Cold War-motivated conflict arising in Southeast Asia was looming large in the minds of the ASEAN leaders.

Coinciding with this was the so-called Indian military build-up, especially its acquisition of certain high-profile naval ships and systems. Although the first reaction came as far back as mid-1986 when Indonesia protested against reported Indian moves to a new naval base in the Andaman and Great Nicobar Islands, criticism of the Indian Navy reached its peak in the late 1980s and early 1990s. From an ASEAN point of view, a possible Indian naval role in the waterways that pass through Southeast Asia connecting Bay of Bengal with East Asia was of major concern, particularly given the close proximity of India's newly expanded and upgraded base on the Andaman island, called Fortress Andaman (FORTAN).

The ice began to break only with the demise of the Soviet Union. The real impetus for India's re-engagement with East Asia, however, was economic rather than geopolitical: India's Look East policy, while grounded in ideas first articulated in the colonial era and deepened by Nehruvian Non-Alignment, took on its current name and shape only after the country's balance of payment crisis of 1991.

2.1.4 INDIA-SOUTHEAST ASIA RELATIONS IN POST-COLD WAR PERIOD

India has indeed come a long way since the Cold War days when most of the then ASEAN countries perceived India to be in the camp of the former Soviet Union. Aside from Vietnam to an extent, there was very little political interaction of consequence except normal relations, defence links were virtually non-existent, and economic bonds were of little consequence. When seen against this background, the progress that India has made in cultivating multi-faceted relationships with ASEAN and its members is remarkable. If

visits by the top political leadership are any indication, Southeast Asia saw the largest number of visits by the Indian prime ministers in recent times.

Though the post-Cold War context transformed international relations significantly, the importance of Southeast Asia, both strategically and economically, has not altered at all. The region remains the most promising economically—the rise of new economic powerhouses, huge foreign exchange reserves, vibrant consumption patterns, rapidly expanding markets, and, more importantly, an unparalleled demographic advantage. In the East Asian context, issues of security and economic development are not mutually exclusive; they influence each other either in the promotion of peace and prosperity or in imperilling them. Two, the subregions of East Asia, Southeast, and Northeast Asia, whose linkages during the Cold War were relatively tenuous, are being strengthened, and hence the segregation of issues of security and economic development between them is no longer valid.

India is intensifying its efforts to identify and integrate itself with East Asia through the “Look East” policy. This has since evolved into a multifaceted policy encompassing political, economic, and strategic dimensions. Strongly underpinned by a variety of institutional and bilateral linkages to promote economic cooperation, India’s political and strategic interactions with East Asia are extensive. Reciprocally, the countries of East Asia can no longer overlook an increasingly confident, assertive, and rising India. Many look at India not just as an economic opportunity but as a potential countervailing power to China. As Singaporean minister George Yeo stated, “We in Southeast Asia have no wish to become merely an adjunct to the Chinese economy.”

2.1.4.1 India’s Look East Policy

As Rajiv Sikri noted, India’s ‘Look East’ Policy is a response to the end of the Cold War, when natural relationships based on geographical contiguity and commonality of factors could be re-established. The global strategic environment had also changed. It was increasingly untenable, illogical and detrimental to India’s long-term national interest to regard South Asia and East Asia as separate strategic and economic theatres interacting only on the margins. Eurasia has diversified its connectivity with the outside world, with

new transport and energy corridors linking it to the rest of the world, particularly China, Myanmar, Thailand, Laos and Vietnam are being hard-wired with China and inexorably sucked into China's economic whirlpool. These mushrooming linkages will create new long-term political linkages and economic interdependencies among Asian countries. But as these leave out India, they threaten to keep India strategically and economically boxed up in the South Asian region, mired in dealings with its fractious neighbours. The continuing relatively low share of its South Asian neighbours in India's global trade gives India limited economic opportunities in its immediate neighbourhood. In order to fulfil its aspirations of playing a greater regional and global role, India needs an extended political and economic strategic space beyond South Asia. Given the constraints to India's west, a region full of imponderables, challenges and troubles, moreover one with a relatively small population, the east is the only direction in India's strategic neighbourhood where opportunity beckons.

More recently, an important domestic dimension emerged in India's 'Look East' policy, namely how to help the Northeast Region get over the handicap of its geographical location. India's strategy envisages the development of the Northeast Region's communication and economic links with Myanmar and other Southeast Asian countries, thereby reducing the Northeast Region's overwhelming dependence on an unhelpful and uncooperative Bangladesh.

Hence, India's Look East policy became a multi-faceted and multi-pronged approach to establish strategic links with as many individual countries as possible, evolve closer political links with ASEAN, and develop strong economic bonds with the region. Second, it was an attempt to carve a place for India in the larger Asia Pacific. Third, the Look East policy was also meant to showcase India's economic potential for investments and trade. Fourth, this policy also resulted in a total volte-face with regard to its attitude toward Myanmar. Last but not least, the feeling of getting left out of the action in the Asia Pacific, whether it was the Asia Pacific Economic Cooperation (APEC) or the ASEAN Post-Ministerial Conferences (ASEAN-PMC) with the Dialogue Partners of ASEAN, which had emerged as the only forum to discuss regional issues, also weighed heavily in New Delhi's thinking.

One can discern three distinct phases of this Look East policy so far. The first phase marked enormous enthusiasm and a flurry of activity and exchanges. By mid-1990s, there was considerable cooling down of earlier zeal by both sides, which got further dampened by the 1997-78 financial crisis. The third and a more recent phase is the revival of interest once again. The multi-dimensional approach and the progress that India's Look East policy achieved are briefly explained below.

2.1.4.2 India and ASEAN

India's engagement with ASEAN has been central to India's 'Look East' Policy. India initiated a sectoral dialogue with ASEAN in 1992, became a full Dialogue Partner and a member of the ASEAN Regional Forum (ARF) in 1996, leading up to an annual summit-level interaction since 2002. India also acceded to the Treaty of Amity and Cooperation in Southeast Asia as early as

2003. It has opened the doors to India's membership of the East Asia Summit (EAS) and the Asia-Europe Meeting (ASEM). The heart of the India-ASEAN engagement is the Comprehensive Economic Cooperation Framework Agreement signed in 2003, which envisages the establishment of a FTA in goods, services and investment over the next decade or so. Negotiations were concluded in July-August 2008. India-ASEAN commemorated the 20th anniversary of dialogue-level partnership and the 10th anniversary of Summit-level partnership under the theme 'ASEAN-India Partnership for Peace and Shared Prosperity' on December 20-21, 2012, in New Delhi. India is also part of negotiations on the Regional Comprehensive Economic Partnership Agreement (RCEP), which includes ASEAN and its other five Free Trade Agreement (FTA) partners, Australia, China, Japan, South Korea and New Zealand. The RCEP, which accounts for 24 percent of the global GDP, over 45 percent of the world's population and almost 30 percent of the world's output and trade, will be India's largest trading block.

The first ASEAN-India Summit was held in Phnom Penh in 2002 to promote regional peace and stability and foster closer economic and developmental cooperation. Since then, both India and ASEAN have travelled a long way. Since 2002, India has annual Summits with ASEAN; along with China, Japan and Republic of Korea have also

similar arrangement with ASEAN. There are 30 Dialogue Mechanisms cutting across all the sectors including 7 ministerial level meetings. In 2012, India and ASEAN commemorated 20 years of dialogue partnership and 10 years of Summit level partnership with ASEAN with a Commemorative Summit in New Delhi under the theme ‘ASEAN-India Partnership for Peace and Shared Prosperity’ on December 20-21, 2012. India upgraded its partnership with ASEAN to “Strategic Partnership”.

2.1.4.3 Strategic Partnership

ASEAN-India partnership has exceeded the sphere of economic cooperation to cover political and security dimensions. In the 1990s, in the early days of ‘Look East Policy’, determined to become a part of the region’s institutions, New Delhi was quite happy to heed Deng Xiaoping’s advice to the Chinese leaders, “keep a low profile, and never take the lead”. On the defence front the immediate priority for India in the 1990s was to remove the distrust accumulated in the region during the Cold War and restore high level exchanges and gently explore the prospects for deeper cooperation. As it welcomed India into the ASEAN fold in the early 1990s, the region had no reason to see India as a counter to China. ASEAN’s relations with China were on the upswing and there was no real alarm about Beijing’s rise. In fact many in the region advised India not to bring its historic baggage against China or Pakistan into the ASEAN deliberations. A modest initial approach to security issues, then, seemed to serve the objectives of India’s Look East policy as well as the ASEAN.

From the mid 1990s, when India became a dialogue partner of the ASEAN to its membership of the first East Asian Summit (EAS) in 2005, India slowly crawled back into the region’s institutional structures. After arguing for years that India had no place in Southeast Asia let alone the larger framework of East Asia, the region began to accept India’s relevance to the Asian order. As India’s economic growth gathered momentum and its relations with all the great powers, especially the United States, China and Japan were on the upswing, the region became more open to considering the importance of New Delhi for the strategic future of Asia. With the decision to set up the EAS and draw in India as a founding member, ASEAN signalled its interest in a more explicit Indian role in contributing to regional security. Since then, the interest in the ASEAN for security

cooperation with India has steadily grown. As great power relations deteriorated and regional conflict deepened since 2010, the hopes for a stronger Indian contribution to the regional security order have risen within the ASEAN.

Though there is no grand strategy in India's foreign policy in its relations with Southeast Asian countries, however, one can identify some elements of India's East Asian policy— multi-directional engagement with the great powers of Asia, integration with the regional institutions, expand India's security cooperation with key actors in the region and work for a relative improvement in India's geopolitical standing in Asia.

ASEAN-India Partnership for Peace, Progress and Shared Prosperity

India and ASEAN, to strengthen their engagement signed 'the ASEAN-India Partnership for Peace, Progress and Shared Prosperity', which sets out the roadmap for long-term ASEAN-India engagement, at the 3rd ASEAN-India Summit in 2004 in Vientiane. Three Plan of Actions (POA) have been developed to implement the Partnership. The POA (2004-2010) and POA (2010-15) successfully implemented provision of the Partnership. A third POA was adopted at 13th India-ASEAN Summit, 2015 and "lays out priorities and measures to be undertaken by both sides to further deepen and enhance their political-security, economic and socio-cultural ties as well as to realise the full potential of the ASEAN-India strategic partnership in all areas of common interests". POA (2016-2020) further tend to intensify the India-ASEAN strategic engagement. The POA calls both India and ASEAN to strengthen the EAS, with ASEAN as the driving force, broaden the cooperation on strategic, political and economic issues of common interest, to promote peace, stability and economic prosperity in the region. ASEAN also encourages India to actively participate and co-chair joint exercises and activities organised by the East Asia Summit, ASEAN Regional Forum (ARF), and ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus). India and ASEAN support the implementation of the Southeast Asia Nuclear Weapons Free Zone (SEANFWZ) Treaty as an effective instrument towards the promotion of international peace and security.

The range of cooperation outlined in the Plans of Action is indeed extensive. Based on the review of by ASEAN-India Eminent Persons Group (AIEPG), which was tasked

to take stock of past and current ASEAN-India relations, it appears that the dialogue partnership has been growing stronger. The AIEPG review as well as the progress report prepared by the ASEAN Secretariat, indicate that progress in implementing had been encouraging given the rather ambitious targets that have been set in the POAs.

Appointment of an Indian ambassador to ASEAN

The adoption of the ASEAN Charter in 2007 paved the way for ASEAN being given a legal personality. One of the consequences of being a legal entity is the fact that a state which intend to strengthen and enhance its bilateral relations with ASEAN can now appoint its own Ambassador to ASEAN. With the entry into force of the ASEAN Charter in 2009, India was one of the earliest Dialogue Partners to accredit its Ambassador to ASEAN in the Jakarta, which is also where the headquarters of the ASEAN Secretariat is located.

India's Ambassador to ASEAN becomes an important conduit to ASEAN-India relations. This allows the Ambassador to officially join and represent India's senior officials in high-level official meetings that are held regularly in the Secretariat in Jakarta and in other places.

2.1.4.4 Trade and Economic Partnership

The Look East policy also gave a tremendous boost to economic ties between India and Southeast Asia. A number of institutional mechanisms have been put in place to promote economic exchanges both at the governmental as well as private sector level. The ASEAN-India Joint Cooperation Committee and an ASEAN-India Working Group on Trade and Investment were set up along with the creation of an ASEAN-India Fund to promote trade, tourism, science and technology, and other economic activity. From virtually little or no investment from Southeast Asia in the early 1990s, Malaysia and Singapore have emerged as the tenth and eleventh largest in terms of approved investments respectively by 2002. Thailand is in the 18th and Indonesia and the Philippines are in 33rd and 35th position respectively.

ASEAN is one of the biggest economic player in the global trade with a combined gross domestic product of \$2.3 trillion; ASEAN is the seventh largest economy in the world and it would become the fourth largest economy by 2050 if the existing level of growth continues. Fittingly, ASEAN is considered to be a growing hub for consumer demand and occupies a significant position in global trade flows. Understandably, trade and economic consideration has been the important driving forces of India's engagement with Southeast Asian nations. ASEAN, as a collective, occupies the fourth largest position in India's total external trade, while India was only ASEAN's 10th largest trading partner as of June 2015. Trade and investment flows between ASEAN and India gradually increasing but remained relatively low compared with other dialogue partners of ASEAN. The annual trade registered an average growth of 22% per annum; it grew from \$13 billion to \$74 billion between 2003-04 and 2013-14. According to Ministry of External Affairs, India-ASEAN trade was at approximately US\$ 76.52 billion in 2014-15. The statistics indicates that there are unexplored opportunities for India to increase trade with ASEAN countries. This includes trade in services.

ASEAN accounts for approximately 12.5% of investment flows into India since 2000. FDI inflows into India from ASEAN between April 2007-March 2015 were about US\$ 32.44 billion. Whereas FDI outflows from India to ASEAN countries, from April 2007 to March 2015 was about US\$ 38.672 billion.

India and ASEAN are constantly engaged in improving their economic relations. At the 2nd ASEAN-India Summit in 2003, the Leaders signed the ASEAN-India Framework Agreement on Comprehensive Economic Cooperation. The Framework Agreement laid a sound basis for the establishment of an ASEAN-India Free Trade Area (FTA), which includes FTA in goods, services and investment. ASEAN and India, in 2009 signed the ASEAN-India Trade in Goods (TIG) Agreement in Bangkok. The signing of the ASEAN-India Trade in Goods Agreement leads the way for the establishment of one of the world's largest free trade areas (FTA). India-ASEAN FTA, having market of almost 1.8 billion people with a combined GDP of US\$ 2.8 trillion, sought to liberalise the trade norms and ease trade barriers.

Aside from the Agreement in Trade in Goods, both sides are also currently negotiating the ASEAN-India Trade in Services and Investment Agreement. Both sides are aiming for an early conclusion of this Agreement. In order to further enhance trade and investments, ASEAN and India have been working closely with business communities on both sides. The ASEAN-India Business Fair and Conclave(AIBFC) held in New Delhi in 2011 attracted an estimated 60,000 visitors and over 500 trade exhibitors from business leaders, practitioners and enterprises from ASEAN Member States and India for networking, knowledge and experience sharing and enterprise development. The AIBFC is envisioned to become an annual event to boost trade and investments from both sides.

Despite repeated assertions of emphasis on economic aspects, India lags far behind other powers, for its share in trade and investments in Southeast Asia is relatively less significant. Hence, India has put across concrete plans to increase the economic interaction and integration through a number of new initiatives.

Energy Cooperation

India is already involved in the oil and gas sector in Myanmar, Malaysia, Viet Nam and Indonesia. ONGC Videsh Limited (OVL), the international arm of India's Oil and Natural Gas Corporation Limited, and the Gas Authority of India Limited (GAIL), both publicly owned, are engaged in joint exploration of gas in Myanmar's A1 and A3 blocks off the Rakhine coast (formerly the Arakan coast). These two Indian energy giants acquired a 30% stake in this block, along with the Republic of Korean companies KoGas and Daewoo. GAIL is also working in Viet Nam through a joint venture to construct the South Con Gas Plant, while OVL is involved in oil and gas exploration project with Vietnam Petroleum and BP Exploration (UK). Competition and friction with China is apparent in both the Vietnamese and Myanmar fields. India also imports petroleum from Malaysia, as, for example, with the Indian Oil Corporation (IOC) signing a contract with the Malaysian oil giant Petronas in June 2007 to purchase 1.5m. tons of crude oil. Indonesia, the world's largest exporter of liquefied natural gas and an oil producer, with most of the gas reserves located in central Sumatra, invited Indian companies to explore its hydrocarbons and construct gas pipelines from Indonesia to third countries. In July 2000 IOC signed a

memorandum of understanding with the Indonesian oil company Pertamina to explore and buy oil and gas as well as modernize the refineries in the archipelago.

2.1.4.5 Functional and Development Cooperation

India is one of the Dialogue Partners of ASEAN that has established a development assistance fund to help ASEAN member states. In 2007, India contributed US\$1 million to the ASEAN Development Fund. The ASEAN-India Green Fund with an initial contribution of US\$5 million was also set up in 2010 to support pilot projects between ASEAN and India on promoting technologies geared toward adaptation and mitigation schemes to address the impact of climate change. In addition, India also provided US\$1 million to the ASEAN-India Science and Technology Development Fund to encourage collaborative R&D and technology development between the two sides.

Apart from establishing a Development Fund, ASEAN has also benefited from a range of technical assistance from India which are geared to build capacity in the region. Some of these are highlighted:

- On Human Resource Development, ASEAN has benefited from technical assistance from India in the field of education and related programmes. Under the Indian Technical and Economic Cooperation (ITEC) programme, India has been offering 637 scholarships annually to ASEAN nationals. So far, 240 space scientists from ASEAN have benefited from training programmes at the Centre for Space Science and Technology Education in Asia and the Pacific (CSSTEAP) in Dehra Dun, India.
- India is also supporting ASEAN's Initiative for ASEAN Integration (AIA). The AIA is a cornerstone programme of ASEAN to narrow the development divide and to deepen ASEAN integration. In this regard, India has been generously supporting various programmes within the AIA framework, such as setting up Centres for English Language Training (CELTs) in Vietnam, Cambodia, Laos and Myanmar.

- On Information and Communication Technology, India has been working with ASEAN in developing four IT Centres in CLMV countries which are aimed at developing IT training curricula and training programmes.
- On Food and Agriculture, ASEAN officials have benefited from the various training programmes conducted by India's Central Institute of Agriculture and Engineering on areas such as: (i) advances in agriculture equipment; (ii) food processing; and (iii) production and processing technology for value addition of horticultural products. In October 2012, the ASEAN-India Farmers Exchange was launched to create greater awareness among young and innovative farmers on the promising career in the agriculture sector.
- On Science and Technology, India and ASEAN have had extensive joint cooperation projects. These include developing portal for the ASEAN-India Technology, Information and Commercialisation (TICC) project, the 'ASEAN-India Virtual Institute for Intellectual Property (VIIP)'. In the Space sector, ASEAN and India are now working on further exploring cooperation in sharing satellite imageries from OCEANSAT-2 and RESOURCESAT-2. India has also offered to train space scientists from ASEAN on how to make best use of satellite imageries for socio-economic benefits in the region.

2.1.4.6 Broadening of ASEAN-India Defence Cooperation

It is however on the defence front that India has made impressive progress. A sea change in the political atmosphere that Southeast Asia witnessed in the aftermath of the Cold War contributed to this in a big way. Moreover, India's military might in the emergent Asian balance of power could not be ignored any longer. The Southeast Asian nations began to look upon India as a power that could play a kind of 'balancing role' vis-à-vis China in particular.

The progress of ASEAN-India strategic cooperation has also helped in moving forward relations in the security arena. Until very recently, India's engagement with ASEAN in the area of defence and security has been limited largely to bilateral activities. However, in 2010 India participated in the inaugural meeting of the ASEAN Defence Ministers

Meeting Plus (ADMM-Plus) which was held in October in Ha Noi, Vietnam. The ADMM-Plus is the highest ministerial defence and security consultative and cooperative mechanism for regional security issues. India's participation in this new regional framework is significant. The ADMM-Plus is regarded by ASEAN as a key component of robust, effective, open and inclusive regional security architecture for cooperation to address security issues of mutual interests.

It can also be observed that for a number of years, India has undertaken a number of confidence building measures (CBMs) with Southeast Asian countries, including periodic naval exercises and biannual gathering of regional navies at MILAN. India has extensive bilateral defence cooperation agreements with Malaysia, Vietnam, Singapore, Laos and Indonesia. India has also been active in assisting the armed forces of Myanmar and Thailand in capacity-building activities. Singapore uses India's missile testing range to test its own guns and missiles and uses Indian facilities to train its naval personnel. Thai pilots are also being trained in India to gain experience to operate their aircraft carrier and the Myanmar armed forces undergo counter-insurgency training.

Moreover, India and Indonesia conduct frequent joint patrols on the critical straits of Southeast Asia to ensure the security of sea-lanes of communication. The role of the Indian navy has been significant in advancing defence cooperation between ASEAN and India. This is best demonstrated in the Indian navy's pivotal role in launching the Indian Ocean Naval Symposium (IONS). Started in 2008, IONS is an initiative that seeks to enhance maritime co-operation among navies of the littoral states of the Indian Ocean Region by providing an open and inclusive forum for discussion of regionally relevant maritime issues with the aim of generating a flow of information between naval professionals that would lead to common understanding and possibly agreements on the way ahead. The key objectives envisaged for the IONS construct are the promotion of a shared understanding of the maritime issues facing the littoral nation-states of the Indian Ocean and the formulation of a common set of strategies designed to enhance regional maritime security. Among the IONS activities is the Conclave of Chiefs which is held every two years. The IONS has also conducted various seminars and workshops on topics of interest to member nations. For example, an Anti-Piracy and Preparatory Workshop was held in

Jakarta, Indonesia in 2011. The Workshop enabled members to exchange experiences and opinions towards tackling the scourge of piracy prevalent in the Indian Ocean region. As observed by one analyst, India's naval diplomacy has been ahead of the government's in developing closer ties with ASEAN.

To sum up, the majority of ASEAN states have, to a greater or lesser degree, welcomed an increased regional role for India, including in maritime security. Many now see India as potentially playing an important role in the regional balance of power through helping to ensure a balanced distribution of power in the region, alongside other key extra-regional powers such as the United States, China, Japan and Australia. Singapore, in particular, has consistently welcomed and encouraged a balanced role for external security providers on the basis that competition between major regional powers "must be squarely confronted and cannot be wished away".

2.1.4.7 Connectivity

The Connectivity is one of the major features of India-ASEAN relations. Cultural connectivity and physical connectivity immensely influence the policies of both partners while engaging with each other. With the launch of ASEAN's Master Plan for ASEAN Connectivity, ASEAN has looked to its Dialogue Partners, including India to help realise its vision of connecting with ASEAN members. Under the Connectivity Master Plan, ASEAN has outlined its goals of improving connectivity through a 3-pronged strategy of "enhanced physical infrastructure development (physical connectivity), effective institutions, mechanisms and processes (institutional connectivity), and empowered people (people-to-people connectivity)".

There are numbers of physical connectivity projects with ASEAN countries. Kaladan Multimodal Transit Transport Project, piloted and funded by Ministry of External Affairs, India, aims to develop Port/IWT between Sittwe and Kaletwa along Kaladan River and Road from Paletwa to Indo- Myanmar border (Mizoram).

The Union Cabinet, on 14-October-2015 has approved Revised Cost Estimate (RCE) of Rs. 2904.04 crores for the Kaladan Multi Modal Transit Transport Project in

Myanmar. India-Myanmar-Thailand Trilateral Highway shall ensure connectivity from Moreh in India to Mae Sot in Thailand via Myanmar.

India is also enhancing air connectivity with ASEAN countries. ASEAN-India aviation cooperation framework was adopted at the 14th Transport Ministers Meeting in Makati, Philippines on 6 November, 2008. According to Ministry of Civil Aviation 18 destinations of tourist and business interests are available to ASEAN countries in Tier II and III cities but only 7 have been utilized. Despite India's 'open skies' policies, it is disappointing that few capitals of Southeast nations, especially CLMV (Cambodia-Laos-Myanmar-Vietnam) countries, doesn't have direct air connectivity with India, while few countries like, Singapore, Thailand and Malaysia enjoy multiples air connections with India. Thai Airways and Singapore Airlines connect India to some of these capitals. It demonstrates that India's air connectivity with Southeast nations is largely driven by economic consideration nevertheless; India's recent effort to enhance the road/air connectivity with CLMV countries is promising.

2.1.4.8 Cultural Relations

Culture is also an important tool of India's soft power. Narashimha Rao's outreach to the Buddhist Order during his visit in 1993 to Thailand and the declaration to liberalise India's visa regime for visiting monks are indeed part of India's soft power investment. Equally importantly, India has extended its assistance for restoration of the Angkor Wat and Ta Prohm temples in Cambodia, Cham monuments in My Son, and Ananda Temple in Bagan. Every successive government in India since the initiation of its LEP has emphasised India's civilisational links with Southeast Asia through public diplomacy.

In order to promote cultural relations and thereby project India's soft power, the Indian Council of Cultural Relations (ICCR) has established cultural centres in Indonesia, Malaysia, Myanmar and Thailand, and is in the process to establish such centres in Vietnam and Singapore. The ICCR has also been involved in organising exhibitions, organising and supporting seminars and conferences in Southeast Asian states and India in the subject of culture, ideology and Buddhism, and hosting cultural troupes from Southeast Asian countries to perform in India and also sending cultural delegations to these countries to showcase Indian culture.

India has also held the “Festival of India” in various ASEAN countries to showcase Indian culture, thereby expanding bilateral cultural relations. Another initiative “India show” with the support of the Indian government has sought to promote brand India in some ASEAN states. At the bilateral level, India has agreed to engage in cultural exchange programmes with ASEAN states. In the 2012 *Vision Statement*, it agreed to increase the socio-cultural cooperation including intensifying “efforts to preserve, protect and restore symbols and structures representing civilisational bonds between ASEAN and India”.

India launched the India–ASEAN Eminent Person Lecture Series in December 1996 to enhance people-to-people interaction. In collaboration with Southeast and East Asian states, India is reviving the ancient Nalanda University aimed at “pan-Asian cooperation in education and intellectual pursuits”. There have been other initiatives to enhance people-to-people relations such as ASEAN-India Students Exchange Program, ASEAN-India Youth Exchange Programme and ASEAN-India Media Exchange Programme. During the third Meeting of the ASEAN-India Tourism Ministers, India signed a memorandum of understanding (MoU) on Strengthening Tourism Cooperation. India now provides visa on arrival to nationals from seven ASEAN countries.

2.1.4.9 COOPERATION ON POLITICAL VALUES

In order to optimise its influence through attraction, India has also used its relatively successful pluralist democracy vis-à-vis ASEAN states. Notwithstanding the cultural roots of Indian democracy, its relative success reaffirms the belief that democracy is a universal value. While rejecting any kind of “political interventionism”, India has engaged bilaterally and multilaterally for the cause of democracy promotion.

India is a co-founder and the second biggest donor to the UN Democracy Fund which is involved in various projects to promote democratic values and processes in ASEAN countries. It is also a founding member of the Community of Democracies with similar aims and hosted the inaugural assembly of the World Movement for Democracy in February 1999. India has also participated in the Asia-Pacific Democracy Partnership and is a founding member of the International Institute for Democracy and Electoral Assistance (IDEA) for the cause of democracy promotion. The IDEA also aims at “the realisation of

the democracy and governance elements of the ASEAN Political and Security Blueprint”. The Election Commission of India (ECI) has signed MoU with the International Foundation for Electoral Systems for “promoting democratic processes and good governance around the world”.

Bilaterally, the ECI has shared its experiences with ASEAN states signed MoU with its Indonesian counterpart to cooperate in the areas of electoral management and administration and is in process to sign one with Thailand. India has trained parliament officials of ASEAN countries under its ITEC programme. India and Singapore have launched a “Friendship Group” consisting of parliamentarians from both the sides. It has also formed a similar group together with Thailand. Besides bilateral engagements, Indian Parliamentarians have engaged the members of the ASEAN Inter Parliamentary Assembly (AIPA).

2.1.4.10 INDIA AND SUB-REGIONAL CO-OPERATION IN SOUTH-EAST ASIA

Apart from this, India also attempting developing relations with some of the Southeast Asian countries by floating various subregional organizations such as BIMSTEC and Mekong-Ganga Cooperation (MCG).

BIMSTEC

BIMSTEC is a sub-regional arrangement established in 1997, of which India is a member. As part of its Look East policy, India played a prominent role in the initial formation of BIMSTEC (then called the Bangladesh, India, Myanmar, Sri Lanka and the Thailand Economic Cooperation, changing to the current name in 2004) in 1997. At the February 2004 meeting of the organization, Bhutan and Nepal were added as new members. It is the first ever regional arrangement that was established by some of the members from the SAARC and some of the ASEAN member states, thereby symbolizing growing recognition of naturally contiguous areas and development and action plans. BIMSTEC broadly identified sub-regional co-operation in six areas, namely trade and investment, technology, transport and communication, energy, tourism, and fisheries. Each member country is entrusted with the responsibility of coordinating a particular area of subregional co-operation,

for instance India with technology and Myanmar with energy. A Framework Agreement for the creation of a BIMSTEC free trade area was signed during the 2004 summit.

Apart from promoting economic co-operation, India is keen to expand the scope of BIMSTEC to include political and security matters as well. As far as strategic considerations were concerned, by actively encouraging other states to be a part of this grouping, India sought to combat the escalating Chinese influence in Myanmar and other member states, through increased economic co-operation. It is also worth noting that besides focusing on issues relating to trade and commerce, the July 2004 BIMSTEC summit declaration called upon the member states to join hands in combating international terrorism. At the second BIMSTEC Summit held in New Delhi in November 2008, the Summit Declaration recognized the threat that terrorism posed to peace, stability and economic progress in the region, and emphasized the need for close co-operation to combat all forms of terrorism and transnational crimes.

Mekong-Ganga Cooperation (MGC)

India floated the MGC Forum with the signing of the Vientiane Declaration in November 2000. The MGC had been approved in principle by the six states (India, Myanmar, Viet Nam, Laos, Cambodia and Thailand) at the ASEAN meeting in Bangkok in July 2000. The basic thrust of the MGC Forum is to promote economic development of the Mekong region by developing the infrastructural facilities. For India, MGC offers immense scope for creating linkages with the Mekong countries by connecting them to the relatively less developed Indian north-eastern region. Unfortunately, it has so far failed to live up to its promise. Meetings at the ministerial level have been sporadic. MGC has been hobbled by problems like absence of clear timelines, uncertainty about sources of funding, and inadequate implementation and review mechanisms. Another fundamental problem is that, given their relatively larger weight in the grouping, India and Thailand have to be the main drivers and sources of funding of MGC. However, Thailand lost interest in MGC after it set up the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) that brings together the same group of countries, minus India. The attention of all the non-Indian members of MGC, who are also members of the older established

Greater Mekong Subregion (GMS) together with China's Yunnan Province, is more focused on it.

2.1.4.11 LOOK EAST TO 'ACT EAST' POLICY

The objective of India's Look East Policy (LEP) is to expand India's economic engagement with Southeast and East Asian countries. Since its inception in the mid-1990s, the LEP has been pursued in a multi-faceted manner in wide-ranging areas such as connectivity, trade, and investment. The LEP has been pursued through constructive engagement with ASEAN, the East Asia Summit (EAS), the Bay of Bengal Initiative for MultiSectoral Technical and Economic Cooperation (BIMSTEC), and the Mekong–Ganga Cooperation (MGC). India has moved into Look East Policy Phase 2, which is popularly termed as “Act East Policy”. The Northeast Region (NER) of India is central to India's growing economic and strategic partnership with East and Southeast Asia. The region acts as a land bridge between South and Southeast Asia. Following the LEP, India has signed several bilateral and regional trade agreements in the form of FTAs, comprehensive economic cooperation agreements (CECAs), and comprehensive economic partnership agreements (CEPAs), of which, the FTA with ASEAN has been the most important in strengthening economic relations with Southeast Asia. All the ASEAN countries have implemented the above agreement. Although negotiations for trade in services and investment agreements have been completed, they have yet to be implemented.

As part of this policy, Prime Minister Narendra Modi's visited to Kuala Lumpur to attend the 13th ASEAN-India Summit and 10th East Asia Summit from 21 to 22 November 2015. He also undertook an official visit to Malaysia on 23 November 2015 and held bilateral dialogue with his Malaysian counterpart Dato Sri Mohd Najib Tun Abdul Razak. Modi thereafter paid an official visit to Singapore on 23-24 November 2015 to commemorate the 50th anniversary of bilateral relations and elevate this relationship to strategic partnership. PM Modi's participation at both the ASEAN-India Summit and the East Asia Summit and bilateral visit and meetings with leaders signifies the importance that India attaches to ASEAN and its role in the region. In his speech at the 10th East Asia Summit, Prime Minister Modi favoured the evolution of comprehensive regional architecture

for security and cooperation. He asked for closer cooperation on cyber security, outer space and non-proliferation. India proposed to establish EAS Virtual Knowledge Portals on Disaster Management and Trauma Care and Nursing.

The Chinese are anxious about India's strong forays into East Asia through its Look East policy, in particular its participation in what China considers a US-led containment strategy along with Japan and its involvement in the South China Sea even if ostensibly in search of energy resources. Confirming these fears, Prime Minister Modi referring to the South China Sea disputes at the 10th East Asia Summit, said that India "shares with ASEAN a commitment to freedom of navigation, over flight and unimpeded commerce, in accordance with accepted principles of international law, including the 1982 UN Convention on the Law of the Sea". This is a clear indication that India's active and renewed spirit to engage in the region and not desist from problems that are strategically crucial for India and to maintain peace in the region.

2.1.4.12 INDIA'S WITHDRAWAL FROM RCEP: A SETBACK TO INDIA-ASEAN RELATIONS

The regional dynamics in Southeast Asia has become more volatile due to growing tension between Japan and China on the one hand, and China and Vietnam on the other. There were considerable skirmishes between these countries as border disputes increased. The rights of oil digging in South China Sea have brought unprecedented tension between Vietnam and China. India also has to experience this tension, as Vietnam invited India to assist them in exploring oil in South China Sea. China protested India's involvement in South China Sea as it considers it as encroachment in its sphere of influence.

However, the economic partnership is achieved tremendous progress in the post-Cold War period. Many countries from Southeast Asia, particularly from Singapore are involved in the development of infrastructure in India. The Tatas in India started an Airlines in collaboration with Singapore Airlines as well as with Malaysian Airlines. Similarly, Singapore is also constructing an IT Park in Bangalore. More recently, the Andhra Pradesh government, after division of the state, collaborated with Singapore government for constructing new capital. Similarly, Vietnam also emerged as a close economic partner for India. For all

likelihood, India's relations with Southeast Asia are going to grow due to prevailing political and strategic context as well as India's growing economic clout and its naval power.

However, India's refusal to join in RCEP (Regional Comprehensive Economic Partnership) where South Asian countries and China are active partners in December 2019 is setback for India's relations with ASEAN countries. On November 4, 2019 India decided against joining the 16-nation RCEP trade deal, saying it was not shying away from opening up to global competition across sectors, but it had made a strong case for an outcome which would be favourable to all countries and all sectors. Prime Minister Narendra Modi, in his speech at the RCEP Summit said "the present form of the RCEP agreement does not fully reflect the basic spirit and the agreed guiding principles of RCEP. It also does not address satisfactorily India's outstanding issues and concerns in such a situation."

There was a fear in India that its industries would be unable to compete with China and Chinese goods would flood Indian markets if it joins RCEP free trade union. India's farmers were also worried given that they would be unable to compete on a global scale. As the industry is reeling under pressure and the government is grappling to deal with the domestic economic situation, a massive free trade pact like RCEP would have exposed the Indian businesses and agriculture to unequal competition from countries which are lurking like giant sharks in the export arena. India's trade deficit with these countries has almost doubled in the last five-six years - from \$54 billion in 2013-14 to \$105 billion in 2018-19. Given the export-import equation with the bloc, a free trade agreement with the grouping would have increased it further. In agriculture, domestic players dealing in dairy products, spices — chiefly pepper and cardamom, rubber, and coconut would face dumping from the South Asian spice majors. Sri Lanka is already giving a tough time to Indian spice growers. Finally, RCEP has come up as a Chinese gameplan to save its manufacturing industries from crumbling under their own weight. Several industrial players in India red-flagged the Chinese agenda of flooding the Indian market using the RCEP countries as a connecting network.

2.1.5 LET US SUM-UP

India's relationship with Southeast Asia has numerous components. A notable feature of India's relations with Southeast Asia is that, notwithstanding the newness and inconstancy of political ties, India's "organic" ties with the region in terms of history, culture, and faith are arguably the deepest, richest, and most apparent of any of Southeast Asia's external partners. Buddhism, Hinduism, and to a lesser extent Islam, as well as traders, scholars, and in some ancient cases, rulers inextricably intertwine India and Southeast Asia. The presence of millions of Southeast Asians of Indian origin, as well as thousands of Indian labourers, principally in Malaysia and Singapore, reinforces these ties.

The earlier Cold War image of ASEAN and India belonging to different political camps in the superpower-dominated global bipolar system dissipated removing major obstacles for India's evolving relations with Southeast Asian region. And with that the strategic divide that segregated India from the ASEAN bloc of nations also disappeared so that ASEAN could appreciate, understand and positively respond to Indian overtures. Many ASEAN countries were also attracted by the economic opportunities that a huge market like India offered after its opening. Equally significantly, the China factor too started weighing heavily in several ASEAN quarters, particularly after the emergence of South China Sea dispute as a major security concern even as Beijing started ascertaining its claims more vociferously. Although New Delhi was overtly loathed the idea of becoming a counterbalancing power vis-à-vis China, it did not seem to be averse to the idea of using Southeast Asian worries to advance its political and strategic interests.

2.1.6 EXERCISE

1. What are the factors for downward relations between India and Southeast Asian countries during Cold War period?
2. Write a note on India's Look East Policy during post-Cold War period.
3. Critically analyse India's relations with ASEAN and other multilateral organisations of Southeast Asian countries.
4. Comment on India-ASEAN economic cooperation.

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – II: INDIA, SOUTH EAST ASIA AND FAR EAST

2.2 INDO-MYANMAR RELATIONS : TRENDS, CHALLENGES AND PROSPECTS

- V. Nagendra Rao

STRUCTURE

2.2.1 Objectives

2.2.2 Introduction

2.2.3 India's Policies towards Myanmar

2.2.4 Linking Development and Democratization

2.2.5 India-Myanmar Relations: Contemporary Scenario

2.2.5.1 Security Aspect: Insurgency on Indo-Myanmar Border

2.2.5.2 Chinese Factor

2.2.5.3 Economic Aspect: Promoting Trade

2.2.5.4 Border Trade

2.2.5.5 Cultural Exchanges

2.2.5.6 Cooperation between India and Myanmar in the Regional Context

2.2.6 Democratic Triumph in Myanmar

2.2.7 Let us Sum Up

2.2.8 Exercise

2.2.0 OBJECTIVES

This lesson analyses India-Myanmar relations. After going through this lesson, you should be able to know:

- the historical background to India-Myanmar relations;
- various phases in India-Myanmar relations;
- India-Myanmar relations viz. security, economic, trade and culture;
- Cooperation between India and Myanmar at regional and subregional level (multilateral forums).

2.2.1 INTRODUCTION

Myanmar's criticality for India has been variously defined, mostly referring to the "shared historical, ethnic, cultural and religious ties." In real terms, both countries share a 1643 kilometre-long land border. A large population of Indian origin people, estimated to be in the range of 2.5 million, lives in Myanmar. Four of India's north-eastern states, Arunachal Pradesh, Nagaland, Manipur and Mizoram, are geographically contiguous to Myanmar. India also shares the strategic waters of Bay of Bengal, including the area of strategically important Andaman and Nicobar islands where the two closest Indian and Myanmar's islands are barely 30 kilometres apart. Myanmar's ports provide India the shortest approach route to several of India's north-eastern states. Since 1997, when Myanmar became a member of the Association of South East Asian Nations (ASEAN), it also provides India with a welcome geographical contiguity with the Asia-Pacific region. Myanmar, being China's neighbour, also provides India a transit route to southern China.

The above mentioned facts highlight the importance of Myanmar for India's foreign policy. Considering the vitality of Myanmar in advancing India's interests, this lesson delve upon some of the important aspects related bilateral relationship between India and Myanmar.

2.2.2 HISTORICAL BACKGROUND

Indian influence has been felt in Myanmar (then Burma) since ancient times. Hinduism and Buddhism came to Myanmar from India by the seventh century. Myanmar received the foundation of its legal system from India. Linguistically, Pali, which originated from India, was the source of many Burmese words. Trade relationships between the two countries were also established from ancient times and Indian traders established permanent settlements along the coast of Myanmar.

After the British occupation, the two countries became a part of British Empire. Myanmar was ruled by the British as a part of British India till 1937. The British brought numbers of Indians to Myanmar during its rule. “There was no department of the public services, police, military or civil, without Indians” in British Myanmar, wrote W.S. Desai. For the 10 years following 1885, some 18,000 Indian soldiers were stationed in Myanmar, and the Rangoon police was entirely Indian in 1861. On the morning of independence on 4 January 1948, there were some 300,000 – 400,000 Indians living in independent Myanmar. Indians also served as intermediaries between the British colonists and the local Burmese population. The role that the Indians played in suppressing Myanmar – as administrators and policemen – and their continuing dominant position in Myanmar’s economy – as landlords, workers, proprietors and money-lenders – created a strong nationalist sentiment in Myanmar against the Indian community that translated into a widespread popular anti-Indian sentiment.

However, the association of the two countries under British rule created a common understanding among the nationalist leadership and they cooperated in their common struggle for independence. The Indian National Congress (INC) was sympathetic to the Burmese nationalists. In its Resolution on 27–28 March 1931, the Congress declared: “This Congress recognizes the right of the people of Myanmar to claim separation from India and to establish an independent Myanmar State or to remain an autonomous partner in a free India with a right of separation at any time they may desire to exercise it”.

After separation of Myanmar from British India, the leaders of the struggle supported each other’s nationalist movement against British imperialism. Burmese leaders closely watched the Indian independence movement, especially in its last stages. While

Aung San was appointed as Vice President of the Executive Council in Myanmar, Nehru was in the same position in India. When Aung San, along with his six colleagues in the Executive Council, was assassinated on 19 July 1947 in Myanmar, Jawaharlal Nehru issued a statement in which he mourned for Aung San and his comrades, for Myanmar and for Asia “which has lost one of her bravest and most far-seeing sons” and he informed the people of Myanmar that India would “stand by them in the difficult days ahead”.

The Indian Government placed at the disposal of the Burmese Government Sir N.B. Rau, one of its outstanding specialists on constitutional questions to help Myanmar’s work when it was drafting its constitution. On the eve of the independence of India and Myanmar the two countries grew closer. Dr Rajendra Prasad, the then President of the Constituent Assembly of India, declared at a meeting of Rangoon citizens on 5 January 1948, “Free Myanmar could always count on India’s assistance and services whenever she needed them”.

2.2.3 INDIA-MYANMAR RELATIONS

The progress of India-Myanmar relations is not uniform. There are many ups and down in the relations of India and Myanmar in post-colonial period. To capture these nuances, one must broadly these relations into three distinct phases: a) The Bonhomie (1948-1962); b) Drifting Apart (1962-92); Pragmatism (1992-1999). The following section would analyse these three phases.

2.2.3.1 The Bonhomie (1948–1962)

The mutual understanding and close contacts between the leaders of the independence struggle contributed to the friendly relationship after India and Myanmar achieved independence from the British on 15 August 1947 and 4 January 1948, respectively. On the day of Myanmar’s independence, Indian Prime Minister Jawaharlal Nehru said, “As in the past, so in the future, the people of India will stand shoulder to shoulder with the people of Myanmar, and whether we have to share good fortune or ill fortune, we shall share it together. This is a great and solemn day not only for Myanmar, but for India, and for the whole of Asia”. The relationship between the two countries was

strengthened by the personal friendship that existed between the two Prime Ministers Nehru and U Nu. Whenever a troublesome issue occurred, the two Prime Ministers worked closely with mutual trust and friendship.

On the other hand, the post-colonial relations between India and Myanmar were influenced the fate of people of Indian origin in Myanmar. After independence the government of Myanmar took a number of measures calculated to strengthen the economic interests of Burmese against the foreigners. These measures generally hit Indians, as Indians constituted the biggest section in the foreign population of independent Myanmar. Among the several acts passed by the Burmese Government in 1948, the Land Alienation Act forbade the sale of land to non-Burmese nationals. The Myanmar Land Nationalization Bill, which was passed on 11 October 1949, aroused deep resentment and strong protest among Indians in both Myanmar and India. However, the friendship between Nehru and U Nu averted any confrontation between the two countries. Nehru felt that the Land Nationalization Acts of Myanmar were non-discriminatory, although they mostly affected Indians. But he stood firm that adequate compensation should be paid by Myanmar, although the agreement that was reached was half-heartedly carried out by Burmese Government.

At the time of internal crisis Myanmar faced just after its independence in 1949, India extended whatever assistance and help to restore normalcy to its neighbour. When the Burmese Government needed cash urgently to meet its military expenses for suppressing the insurgency in the country, India organized a meeting of the governments of Commonwealth countries in New Delhi in February 1949 to discuss the matter. Nehru provided arms to the Burmese Government in 1949, which prevented the fall of Rangoon under the rebels. In April 1950, the Indian minister of industry and supply Mr Gadgil confirmed the sale of six Dakota airplanes to Myanmar, which helped the government of Myanmar to maintain some sort of liaison with the towns remaining in their control during those hours of crisis. India contributed one million pounds sterling out of total 6 million pounds sterling of Commonwealth loan to Myanmar in 1950. In addition to this assistance, the Indian Government announced in April 1950 a special loan to Myanmar of 5 million rupees for rice supplied to India by Myanmar.

On 7 July 1951, India and Myanmar signed a Treaty of Friendship in New Delhi. This treaty was for five years and was to remain in force “forever thereafter” if neither side gave notice of its desire to terminate it six months before its expiry. The Treaty of Friendship came into force on 31 January 1952 with the exchange of instruments of ratification in Rangoon in accordance with Article VII of the treaty. Article II of the treaty stipulated that “(T)here shall be everlasting peace and unalterable friendship between the two States who shall ever strive to strengthen and develop further the cordial relations existing between the peoples of the two countries”. Article IV of the treaty said, “(T)he two States agree that their representatives shall meet from time to time and so often as occasion requires to exchange views on matters of common interest and to consider ways and means for mutual cooperation in such matters”.

In September 1949, when Chinese communist troops approached the Northeastern borders of Myanmar, the Burmese Government was greatly worried that Chinese troops would invade its territories taking advantage of the presence of Kuomintang troops on Burmese territory. After failing to persuade the United States to intervene with the Chinese nationalist government for the withdrawal of Kuomintang troops from Northeastern Myanmar, the Burmese Government decided to take the case to the United Nations. The Indian Government strongly supported the Burmese case both in and outside the United Nations. V.K. Krishna Menon, India’s representative in the United Nations on 17 April 1953, expressed his delegation’s deep concern in the matter. On 14 October of the same year, together with eight other countries, India supported a resolution calling on foreign troops in Myanmar to lay down their arms or to submit to internment. V.K Krishna Menon, on 5 November 1953, in a United Nations debate on Myanmar’s complaint against the presence of Chinese nationalist troops on Burmese territory, warned: “What hurts Myanmar hurts us equally. We have no military alliance but Myanmar is closely linked to us and it is naturally of great concern to us that she should suffer”.

Apart from all this, U Nu and Nehru shared a common world view. Both were great advocates of Asian solidarity. Myanmar and India participated in a number of Asian conferences and their leaders dominated various conferences. Moreover, generally speaking, both Myanmar and India pursued a course of non-alignment in world affairs.

However, the relationship cooled when General Ne Win came to power by staging a military coup on 2 March 1962.

2.2.3.2 Drifting Apart (1962–1992)

The 1962 coup in Myanmar which heralded military rule brought about a complete disruption in bilateral relationship. The military junta fell out of India's favour immediately after the coup, which catapulted General Ne Win to power. Ne Win's isolationist 'Burmese Road to Socialism' policy that remained in vogue for the next 26 years, included nationalisation of industries, repression of minorities, and instituting a police state. In the early part of 1964, the Ne Win government nationalized shops and stores, hitting small traders. The previous nationalization measures initiated by the U Nu government affected mostly the Indian chettyars, landlords, and the big financiers. But the Ne Win government policies severely hit the small traders. The latest nationalization measure was so vigorous that many Indians were deprived of their means of livelihood. No compensation was paid to them at the time of nationalization. In real terms, these meant a severe isolationism, expulsion of foreigners, discouragement of tourists and closing off the economy. Throughout the 1960s and '70s, a large number of ethnic Indians were expelled from Myanmar. As a result, ethnic Indians who formed the backbone of Burmese government and economy during the British rule, serving as soldiers, civil servants, merchants and moneylenders, were reduced to a negligible minority.

A major change in Myanmar's foreign policy towards China also had repercussions on Indo-Burmese relations. A Sino-Burmese border agreement and a treaty of friendship and mutual non-aggression was signed on 28 January 1960 when General Ne Win was leading a caretaker government in Myanmar.

A Sino-Indian border conflict broke out in October 1962. Myanmar showed a neutral stand on the issue, not wanting to incur the hostility of either of the two. The silence of Myanmar was interpreted as 'pro-Chinese' by India and naturally Indo-Burmese relations were disturbed. This trend continued until about the end of 1964.

However, towards the end of 1964, the relationship between the two countries began to regain its former cordiality. One important reason for this shift was the apparently strained relationship between China and Myanmar because of China's support to Burmese insurgents. In June 1967, anti-Chinese riots broke out in Myanmar, although there was no evidence to suggest that the Burmese Government inspired the riots. The close ties that existed between India's Prime Minister Indira Gandhi and Myanmar's new leader General Ne Win in this period were also important to the two countries' relations. General Ne Win paid three visits to India in this period and Mrs Gandhi visited Rangoon in March 1969.

In the realm of trade and commerce the relationship between the two countries began to decline in 1960 when China replaced India as the largest importer of rice from Myanmar. The Japanese War Repatriation was another source of help for Myanmar in this period. Although an agreement to promote trade between India was signed on 24 December 1962 in Rangoon, there was not much increase in trade relations of the two countries till 1968–69. The agreement remained in force for three years only.

Another dimension of Indo-Burmese relations in this period was that of border problems posed by insurgents in Northeast India, particularly Nagas and Mizos. Both Nagas and Mizos have been living on both sides of the borders of the two countries. Myanmar was very helpful to India in countering the insurgency in the Northeast.

In this period, there was one noted change of Myanmar's foreign relations regarding the non-aligned movement. On 28 September 1979, at the Sixth Triennial Non-Alignment Summit Conference in Cuba, the Burmese delegation walked out of the meeting and withdrew from the movement of which Myanmar was a founder. The main reason given by the Burmese delegation was Cuba's attempt to swing the non-aligned group into the Soviet bloc. In fact, Myanmar's foreign policy, after 1962 and particularly after 1972 can be termed as an isolationist policy.

There was a lull in the Indo-Burmese relationship from 1977 till 1988 as Myanmar nurtured friendship with China. Moreover, by 1987, Myanmar was expanding its relations with other countries through visits of General Ne Win to the United States and the Federal

Republic of Germany. Although Indian Prime Minister Rajiv Gandhi visited Myanmar in December 1987, it did not indicate much improvement in Indo-Burmese relations.

The ticklish question for Indo-Burmese relations in this period was the case of deposed Prime Minister of Myanmar U Nu, who requested political asylum in India. He was allowed to stay in India because of personal friendship that existed between U Nu and Nehru's family, and took shelter in India from 1974 to 1980.

The lowest point in the deterioration of Indo-Burmese relations came with India's support to the pro-democratic upsurge in 1988 in Myanmar. India was the first neighbouring country to stand firmly on the side of democracy when the 1988 uprising took place in Myanmar. The Indian Embassy in Rangoon was active in helping pro-democracy activists and officials were in touch with opposition groups like the All Myanmar Federation of Students' Unions (ABFSU), Aung San Suu Kyi and U Nu during the uprising.

When the Burmese student activists fled to the Indo-Burmese border, the Indian Embassy in Rangoon provided them financial assistance to go to India. The Government of India opened refugee camps for these students in Mizoram and Manipur States. The then External Affairs Minister (later Prime Minister) Narasimha Rao informed a parliamentary panel in 1989 that "strict instructions" had been given not to turn back any genuine Burmese refugees seeking shelter in India.

The Indian Government, along with the USA and Western countries, isolated the Burmese military regime. India was a sponsor of a United Nations resolution condemning the Burmese military junta for its violations of human rights in 1992. However, between 1991 and 1992, the foreign policy establishment in India started reviewing its foreign policy towards Myanmar.

2.2.3.3 Pragmatism (1992–1999)

It is difficult to pinpoint the exact year when India's Myanmar policy turned pragmatic, although broadly agree that by the early 1990s India was warming up to the idea of improving its relations with the de facto military rulers in that country. Former foreign secretary Late J.N. Dixit indicates that it was by 1992 that New Delhi had decided

to break the deadlock and start with a policy of 'constructive engagement' with the military regime.

Several factors accounted for this change. First, India had apprehensions about a possible encirclement by China and pro-Chinese regimes in Pakistan and Bangladesh, as well as Myanmar. It also fretted about the possibility of China establishing a presence in the Bay of Bengal and Andaman Sea. Second, economic and strategic interests coalesced in New Delhi's 'Look East Policy' under incoming Prime Minister P. V. Narasimha Rao. Third, India sought urgently to address its security problems in the northeast. As a result, India decided to place security and economic objectives ahead of political and human-rights considerations when dealing with Yangon. Following a groundbreaking visit by Foreign Secretary J.N. Dixit to Yangon in 1993, a military dialogue was agreed, as were various institutional links to address transnational challenges including anti-drug and anti-insurgency cooperation. These two bilateral visits were viewed as misunderstanding-managing exercises for both countries. There were some temporary setbacks. In 1995, for instance, the SLORC punished India's decision to honour ASSK with the prestigious Jawaharlal Nehru Award for International Understanding by suspending counter-insurgency cooperation. Myanmar's reaction had the desired effect, however, for within a year India's Foreign Affairs Minister Pranab Mukherjee explicitly designated Myanmar's movement for democracy an 'internal matter'.

In January 1994, Myanmar's Deputy Foreign Minister U Nyunt Swe visited India; during his six-day visit, he held a series of meetings with Indian ministerial officials and discussed wide-ranging issues to improve the relationship between the two countries. A Memorandum of Understanding was signed on 21 January 1994 to increase cooperation between the civilian border authorities of the two countries and to prevent "illegal and insurgent activities". The border trade was, accordingly, officially opened on 12 April 1995 at Moreh in the presence of the Indian Commerce Minister P. Chidambaram and the Burmese trade minister Lt. General Tun Kyi. Since that time, the Indo-Burmese relationship has been steadily improving and there have been a number of informal and formal visits of the senior officials and ministers of the two countries.

In July 1999, the Indian and Myanmar home ministries held a meeting in New Delhi to identify means to strengthen cooperation on issues like cross-border terrorism and setting up better communication links. India agreed to organise training for Myanmar's anti-narcotics officials. In November 2000, General Maung Aye, the second-most prominent leader of Myanmar's military junta, brought a high-powered delegation including Deputy Prime Minister Lt. Gen. Tin Hla, ministers for foreign affairs, finance, commerce, power science and technology and industry to New Delhi. India's home minister, L.K. Advani, used the occasion to announce a real warming up of ties between the two countries and said that Myanmar was assisting India by destroying camps of Naga militants in their territory. Mr. Advani further confirmed that the Myanmar Army had already destroyed five camps belonging to the insurgents earlier that year.

However, the India–Myanmar relationship is not free from problems. While Indian army chief General Ved Prakash Malik was visiting Myanmar in July 2000, the powerful Burmese intelligence chief and SPDC Secretary–1, General Khin Nyunt, flew to India's arch rival Pakistan with a high-level delegation. Pakistan is known to be supplying arms and ammunition to Myanmar and there have been close ties between the armed forces and defence industries of Myanmar and Pakistan. Pakistan military leader General Pervez Musharraf paid a three-day state visit to Myanmar in May 2003 year and his visit was preceded by a visit of three Pakistan Navy ships, the first foreign naval visit to Myanmar since 1988. Some foreign policy analysts in New Delhi think that China is actually behind the close ties between Myanmar and Pakistan as a part of its policy of containing India from outside.

2.2.4 LINKING DEVELOPMENT AND DEMOCRATIZATION

India, along with China and ASEAN countries, was silent when the rest of the world condemned the Burmese government for blocking Aung San Suu Kyi outside Rangoon and later putting her under house arrest. India was one of the minorities that voted against the decision of the International Labour Organisation (ILO) to take action against the regime for failing to curb forced labour in the country.

While national security and strategic interests have shaped for more than a decade the Indian elite's views of post-1988 Burma, successive setbacks and vocal criticism have nurtured a more accommodating discourse. Since the late 2000s indeed, policy-making circles in New Delhi and at India's embassy in Rangoon have tentatively mapped out a new approach putting forward a potential role for India in Burma's socio-economic development. One of the main arguments Indian diplomats have persistently defended over the past few years is that by helping the Burmese society to develop and benefit from a sustainable growth, India would be participating in Burma's hesitant forays in democratization – as experienced in the 1980s by other Asian societies ruled by authoritarian regimes, such as South Korea, the Philippines, or Taiwan. In contrast with Western approaches that have claimed since the 1990s that international sanctions against the Burmese military rulers were a prerequisite to foster their withdrawal from domestic politics and subsequently boost development and democratization processes, India's most recent posture appears to fit in the global assumption that development rather preludes democratization, and not the opposite.

Aung San Suu Kyi expressed disappointment with the change in India's policy. In a conversation with Indian journalists in December 1995, Aung San Suu Kyi said that she expected India to help the movement for democracy in Myanmar. She said that both India and China continued to have friendly relations with the junta in power. China was not a democracy, she said, but from India she expected greater assistance for her National League for Democracy.

2.2.5 INDIA-MYANMAR RELATIONS: CONTEMPORARY SCENARIO

The first decade of the 21st century witnessed growing strategic engagement between India and Myanmar. According to the Ministry of External Affairs, relations with Myanmar have become truly multi-faceted, “with cooperation in a range of developmental and other projects in the areas of roads, power, hydro-carbon, oil refinery, transmission lines, telecommunications and information technology.”

In October 2004, General Than Shwe, leading a delegation of eight cabinet ministers for six days talk, visited Delhi and both sides signed an agreement on security, cultural

exchanges and hydro-electric power. In March 2006, President Abdul Kalam visited Myanmar to sign an agreement on cooperation in remote-sensing technology and to sign two MoUs on cooperation in the petroleum sector and in Buddhist studies. Besides these three accords of cooperation, India agreed to extend more than US\$37 million in loans to Myanmar. Further visits in the course of 2006 focused largely on the troubled border and defence talks and also discuss arms sales. On 23 April 2007, an 18-member Myanmar Army delegation, led by Brigadier-General Tin Maung Ohn visited Kolkata, for the 30th biannual liaison meeting of army officials from both countries. Issues relating to cross-border insurgency, arms smuggling and border management were discussed.

A certain degree of warmth between India and Myanmar is clearly perceptible. Between 2000 and June 2011, twelve high profile visits have taken place between the two countries. These include visits by Vice Senior General Maung Aye, Vice-Chairman of the State Peace and Development Council of the Union of Myanmar in April 2008, Senior General Than Shwe, Chairman of the SPDC in July 2010, M. Hamid Ansari, Vice President of India in February 2009 and S.M. Krishna, External Affairs Minister in December 2010 and June 2011.

To put it in specific terms, from India's point of view, four major factors involved relations with Myanmar. These are: 1) the security aspect of Indian North East insurgency, 2) Chinese influence in Myanmar, 3) the economic aspect of promoting trade and economic relations with the neighbouring country and 4) the presence of people of Indian origins in Myanmar. Since independence of both countries in 1947-48 these were serious issues in the relationship between the two countries, although the issue of Indian origins in Myanmar became less important for India after the late 1980s.

2.2.5.1 Security Aspect: Insurgency on Indo-Myanmar Border

It is a known fact that some major insurgent groups that are fighting against the Indian State have bases on the Burmese side of 1600-km long Indo-Burmese border. These groups include both factions of the National Socialist Council of Nagaland (NSCN) and Manipur insurgent groups. India wants cooperation from the Burmese regime to "contain" or "eliminate" these insurgents. Some of the Indian insurgent groups are believed

to have established relations with the local Burmese commanders and are thus able to make movements along the border areas.

The Indian side then returned to a consistent approach in getting Burmese help by befriending the Burmese military junta. There were several exchange visits as well as regular civilian and military meetings between the two countries. Former Indian Army Chief V.P Malik's two visits to Myanmar in 2000 contributed to enhancing bilateral border management. Indian Home Minister L.K Advani, after meeting with visiting Burmese Home Minister Col. Tin Hlaing, said on 17 November 2000 that the Burmese army is helping India fight against Naga insurgency and that it had destroyed five National Socialist Council of Nagaland (Khaplang faction) camps that year. Obviously, this is a result of the growing friendship between the two governments.

Another important security consideration in building the relationship with Myanmar was the growing Chinese presence and interests in Myanmar, particularly after 1988. Strategically, Myanmar controls one of the most important land routes from China southwards. India is worried about China's strategic attempts to use Myanmar as an access to India's Northeastern States.

2.2.5.2 Chinese Factor

India's Myanmar policy is driven by the China factor, though it is not the only one. Should Myanmar get irreversibly locked in China's tight economic and strategic embrace, this would pose serious security dangers to India. By establishing a substantial presence in Myanmar, China has considerably neutralized India's strategic preponderance in the Bay of Bengal. In North Myanmar, China has de facto control over Myanmar's Kachin state bordering India's state of Arunachal Pradesh, which China claims as its territory. Unless a policy is put in place urgently to counter these Chinese moves, China could over time bring Arunachal Pradesh into its economic orbit and militarily outflank India in Arunachal Pradesh. China has already established a foothold in Chittagong in Bangladesh. A China-sponsored link-up between Myanmar and Bangladesh would bring China right on India's doorstep and complete China's encirclement of India from the east.

China is said to have invested more than \$1 billion in Myanmar, primarily in the mining sector, and is the Myanmar's fourth largest foreign investor. Bilateral trade grew by more than one-quarter in 2008 to about \$2.63 billion. Chinese firms are heavily involved in logging in Myanmar. Myanmar gives China access to the Indian Ocean, not only for imports of oil and gas and exports from landlocked south-western Chinese provinces, but also potentially for military bases or listening posts. Additionally, Myanmar has been a major recipient of Chinese economic assistance over the past decade, generally provided in the form of grants, interest-free loans, concessional loans or debt relief. Beginning November 2009, China National Petroleum Corporation (CNPC) has started construction of a large-scale crude oil port in Kyaukpyu, in western Myanmar. The port is part of a larger, multibillion-dollar project designed to carry oil and natural gas across Myanmar into southern China. When finished, it will enable China to take deliveries of oil from the Middle East and Africa without sending it through the Strait of Malacca, a congested shipping lane that some Chinese leaders fear could be blocked by pirates or foreign powers. A related pipeline will also allow China to unlock large natural-gas reserves off Myanmar's western coast. The project underscores Myanmar's growing commercial ties with China. It is also expected to generate billions of dollars in revenue for Myanmar's military regime, enhancing its ability to fund operations without heeding pleas by Western governments to implement democratic changes.

2.2.5.3 Economic Aspect: Promoting Trade

Economic interest has pushed India to establish a good relationship with the Burmese government, and it plays a very major role in the present India-Myanmar relationship. From the viewpoint of Indian industry and business, Myanmar is a bridge between India and Southeast Asian markets, and a gateway to Southeast Asia. While Indian economic relations with other ASEAN countries such as Thailand and Singapore are relatively good, Indian business sees Myanmar as a potential not only for bilateral economic cooperation but also for regional cooperation due to its geographical proximity with India.

As a member of both BIMSTEC and ASEAN, Myanmar is crucial for some regional projects like the Trans-Asian highway and railway projects. And India is keen to import gas from Myanmar. India's Oil and Natural Gas Corporation (ONGC) Videsh Ltd. is exploring oil in Myanmar.

Moreover, Indian business is keen to strengthen linkages between India and Mekong basin countries, which include Myanmar. Cooperation among these countries in the transport and infrastructure sectors includes railways, roads and air travel as well as greater cooperation in science, technology and human resources.

Bilateral trade has expanded significantly from US\$ 12.4 million in 1980-81 to US\$ 1070.88 million in 2010-11. India's imports from Myanmar are dominated by agricultural items (beans, pulses and forest based products form 90% of imports). India's main exports to Myanmar are primary and semi-finished steel and pharmaceuticals.

At the institutional level, the Confederation of Indian Industry and the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) entered into a MoU in February, 2000. An MoU was also signed between CII and the Myanmar Computer Federation (MCF) in

2001. In 2004, an Agreement on setting up of a Joint Task Force between Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and Confederation of India Industry was signed, as was a MoU between Myanmar-India Business Club (MIBC) and Federation of Industries and Commerce of North-Eastern Region. The mechanism of the Joint Trade Committee (JTC), chaired by the respective Commerce Ministers, has been effective in reviewing and setting policy objectives for bilateral trade between the two countries. Set up in 2003, the Joint Trade Committee, in its period meetings, has successfully directed the rapid growth of commercial relations between the two countries. During the 4th JTC meeting both sides reviewed bilateral trade and investment and agreed to double the bilateral trade to US\$ 3 bn by 2015. In 2008, during the 3rd Joint Trade Committee Meeting between India and Myanmar, United Bank of India signed an MoU with three Myanmar national banks (Myanma Foreign Trade Bank, Myanma Economic Bank and & Myanma Investment and Commercial Bank) to facilitate

trade. However, this channel is being mostly utilized for border trade only. In addition to this, a Bilateral Investment Promotion Agreement (BIPA) and a Double Taxation Avoidance Agreement (DTAA) were also signed in 2008. India and Myanmar are both signatory to the India-ASEAN Trade in Goods Agreement, which was signed in August 2009. Myanmar is also a beneficiary country under India's Duty Free Tariff Preference Scheme for LDCs.

2.2.5.4 Border Trade

India and Myanmar signed a border trade agreement in 1994 and have two operational border trade points, Moreh-Tamu and Zowkhatar–Rhi, on the 1643 km long border. A third border trade point is proposed to be opened at Avakhung-Pansat/Somrai. With an estimated border trade of US\$ 12.8 mn (2010-11), major items bought by Myanmar traders from the Indian side are cotton yarn, auto parts, soya bean meal and pharmaceuticals, (reports also about smuggling of items like fertilizers, vehicles particularly two wheelers etc.); betel nut, dried ginger, green mung beans, turmeric roots, resin and medicinal herbs are the main items sold from Myanmar to India. During the 3rd India-Myanmar Joint Trade Committee in October 2008, it was agreed that Border Trade at the existing points would be upgraded to Normal Trade so as to promote bilateral trade between the two countries. Notifications to this effect have been issued by both sides.

2.2.5.5 Cultural Exchanges

Performances by Indian cultural troupes in Myanmar have been organised on a regular basis since 1997. Various cultural troupes have exchanged visits and performed in both countries. In November 2009, a 13-member student group from Myanmar attended SAARC Cultural Festival in India. In December 2009, a popular Myanmar music band 'Emperor' went to India to participate in the "South Asian Bands Festival" organized by ICCR. They also performed in Shillong, Meghalaya. In January 2010, the Embassy organized the annual "Indian Film Festival" at Yangon. This event has become a highlight of the Yangon cultural calendar. In March 2010, a famous landscape artist from Myanmar went to Puducherry, India to participate in "South Asian Artists Camp" organized by ICCR and SEHER. The paintings emerging from that camp were exhibited in the Embassy Auditorium in November 2010 and received an outstanding response from the local

community. A 15-member theatre group from Myanmar went to India participate in “South Asian Theatre Festival” organized by ICCR and NSD in March 2010. The “Abiogenesis” band performed Yangon and Mandalay in the last week of May 2010. A Qawalli group (Sabri Brothers) performed in Yangon and other cities in Myanmar in January 2011. There was a packed calendar of commemorative activities for the Rabindranath Tagore 50th birth anniversary celebrations, including a dance drama, seminar, artists’ camp, film festival etc. All the events were very well received by the Myanmar public and media. Classes in Bharatnatyam and Yoga have been started in the Embassy since December 2010, with the support of the ICCR.

2.2.5.6 Cooperation between India and Myanmar in the regional/Sub-regional Context

India and Myanmar are also members of two multilateral organisations of the South and Southeast Asian region.

ASEAN: Myanmar became a member of ASEAN in July 1997. As the only ASEAN country which shares a land border with India, Myanmar is a bridge between India and ASEAN. A few proposals for cooperation have been implemented and some are under discussions with Myanmar within the framework of ASEAN’s IAI programme.

BIMSTEC: Myanmar became a member of BIMSTEC in December 1997. Myanmar is a signatory to the BIMSTEC Free Trade Agreement. Myanmar is the lead country for the energy sector. Myanmar trades mostly with Thailand and India in the BIMSTEC region. Myanmar’s major exports to India are agricultural products like beans, pulses and maize and forest products such as teak and hardwoods. Its imports from India include chemical products, pharmaceuticals, electrical appliances and transport equipment. The 13th BIMSTEC Ministerial Meeting was held in Myanmar in January 2011.

Mekong Ganga Cooperation: Myanmar is a member of the Mekong Ganga Cooperation (MGC) since its inception in November 2000. MGC is an initiative by six countries – India and five ASEAN countries namely, Cambodia, Laos, Myanmar, Thailand and Vietnam

– for cooperation in the fields of tourism, education, culture, transport and communication. The chairmanship of MGC is assumed by member countries in alphabetical order.

SAARC: Myanmar was given the status of observer in SAARC in August 2008.

2.2.6 DEMOCRATIC TRIUMPH IN MYANMAR

Myanmar registered a monumental event last week, when it swore in its first democratically elected civilian president in over five decades. To be sure, this isn't the end of the struggle for democracy in Myanmar. The country's laws still reserve key subjects of governance – including home, defence, and border affairs – for military representatives, who still occupy a quarter of the seats in Parliament under statutory requirements. And laws also prevented democratic icon Aung San Suu Kyi from becoming president, forcing her to appoint a close aide, Htin Kyaw, to that post instead.

No country in the region would be more keenly interested in Myanmar's progressive transition to democracy than neighbouring India. India's relationship with Myanmar's erstwhile army junta was perennially caught in the dilemma between its own democratic conscience and the need to keep Myanmar from falling into China's sphere of influence. Now that Myanmar finally has a civilian government of its own, India will be hopeful of progress on a number of fronts, as India's ambassador Gautam Mukhopadhyaya has put, "free from residual baggage of the past."

Given these long-term commitments, New Delhi will be hoping that Myanmar's new civilian government can bring greater stability to a country that has seen much unrest over the decades. Prime among these challenges is the politically sensitive issue of Rohingya statehood. Last year, a refugee crisis involving the Rohingyas spread panic across the region, after boats carrying hundreds of refugees were found floating in the sea. Many of these refugees also fled to India. For India, the Rohingya problem is made further significant by the fact that many of them occupy Rakhine province – home to Sittwe.

2.2.7 INDIA-MYANMAR RELATIONS: LATEST DEVELOPMENTS

India and Myanmar have enjoyed growing bilateral high-level engagement recently, most notably when Modi visited Myanmar in September 2017, only the second bilateral prime ministerial visit by India to the country in 30 years. India's foreign minister, deputy national security adviser and foreign secretary have all separately visited Myanmar in recently. State Counsellor of Myanmar Aung San Suu Kyi visited New Delhi in January 2018, one of ten ASEAN leaders who were the chief guests at India's 2018 Republic Day parade.

India sees Myanmar as being vital to fulfilling its ambition to become a \$5 trillion economy by 2024. But with a total bilateral trade of \$2 billion, India's economic engagement with Myanmar lags behind China, behoving Modi's government to scale up India-Myanmar economic ties. This dovetails with India giving greater weight to bilateral economic engagement with Southeast Asian countries after it withdrew from the multilateral Regional Comprehensive Economic Partnership (RCEP).

Facilitating connectivity is central to improving India-Myanmar economic relations. India regards Myanmar as a gateway to link up to the rest of Southeast Asia, and thus has invested in ASEAN-wide infrastructural projects that are able to boost trade in the ASEAN-India Free Trade Area. Infrastructure projects are underway, such as the India-Myanmar-Thailand Trilateral Highway and Kaladan Multi-Modal Transit Transport (KMMTT), which aims to connect the eastern Indian seaport of Kolkata with the Sittwe deep-water port in Myanmar's Rakhine state by sea. It is incumbent on India to bring the projects they front and finance into fruition expeditiously.

As part of its policy for the Indian Ocean called Security and Growth for All in the Region (SAGAR), central to which is "port-led development," India developed the Sittwe port in Myanmar's Rakhine state. This port, which sits on the Bay of Bengal, serves as a critical node of the KMMTT initiative to connect southwestern Myanmar to northeastern India by creating a multi-modal trinary of sea, river and road transport corridor to boost interconnectivity. India's long-term strategic goal is to create a Special Economic Zone surrounding the Sittwe port, and in so doing, cement India's footprint in Rakhine and boost its presence in the Bay of Bengal. The Sittwe port is meant to be India's answer to

the Chinese-fronted Kyaukpyu port, which is intended to cement China's geostrategic footprint in Rakhine.

The Indian and Myanmar armies have carried out two joint military operations, codenamed Operation Sunshine 1 and 2, to fight militants along the borders of Myanmar's Rakhine state, which borders the northeastern Indian states of Arunachal Pradesh, Nagaland, Manipur, and Mizoram. Greater impetus was given to these operations after Modi visited Myanmar in 2018. Seeing that Myanmar is critical to its national security interests, India provides military training and conducts joint military exercises with the Myanmar Army like the India-Myanmar Bilateral Military Exercise (IMBAX-2017 and IMBEX 2018-19), by which India had trained the Myanmar Army to be able to participate in UN Peacekeeping Operations.

To deepen their defense relations, India and Myanmar signed a landmark defense cooperation agreement in July 2019 during the visit to India by Myanmar's top defense official, Min Aung Hlaing. Realizing the growing importance of the Bay of Bengal, the navies of both India and Myanmar conducted a historic bilateral naval exercise, IMNEX-18, in 2018. India also invited the Myanmar Army to participate in the India-led multilateral Milan naval exercise that occurs biennially in the Andaman and Nicobar Islands, with the next one taking place in March 2020.

To elevate its "Made in India" arms industry, India has identified Myanmar as key to increasing its military exports. Along those lines, Myanmar bought India's first locally-produced anti-submarine torpedo, called TAL Shyena, in 2017, and in 2019, Myanmar acquired a diesel-electric Kilo-class submarine, INS Sindhuvir, which India had modernized after purchasing from Russia in the 1980s.

2.2.8 LET US SUM-UP

Myanmar forms the geographical link between India and Southeast Asia, and is therefore a vital component of India's "Act East" policy. As India seeks to strengthen trade and cooperation with the Far East, Myanmar would have to play along. For example, both countries are part of the Bangladesh-China-India-Myanmar (BCIM) corridor – an

infrastructure project which connects Kolkata with Kunming through the four countries. And successful trade links along this route could also bring investment opportunities to India's impoverished and restive northeastern region.

While attempting to cultivate good relations with Myanmar, India's foreign policy establishment is seriously considering the China's factor. Myanmar will most likely resist being utilised by China and India as a pivotal state, so, while India and China rivalries may continue, Myanmar will not allow either to have a dominant influence. China and India will remain actively engaged in competing with each other in order to expand their areas of influence in Myanmar. India's strategic concerns and security, both in relation to defence against external attack and insurgent groups, as well as imperatives concerning the socio-economic development of the Northeast, will remain unchanged. Myanmar will remain a high priority in India's worldview.

Economic cooperation is the one of the most important pillar on which the two countries could further their relationship. Other than encouraging India Inc. to significantly improve its trade ties with Myanmar, New Delhi could strengthen its financial heft by announcing a new line of credit of \$1 billion to be used in the next three years for the export of engineering goods, technology and projects from India. The completion of the Kaladan Multi-modal Transport Project and Trilateral Highway Project will further advance this growing economic relationship.

2.2.9 EXERCISE

1. Briefly outline historical background of India-Myanmar relations.
2. What are the distinct phases in Indo-Myanmar relations in post-colonial period?
Critically analyse bilateral relations in each of these phases.
3. Write a note on India-Myanmar security cooperation with special reference to handling insurgency in both the countries.
4. Do you agree with the proposition that the recent triumph of democracy in Myanmar would result in closer relationship between India and Myanmar?

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – II: INDIA, SOUTH EAST ASIA AND FAR EAST

2.3 INDIA AND JAPAN: EMERGING ECONOMIC, POLITICAL AND STRATEGIC EQUATIONS

- V. Nagendra Rao

STRUCTURE

2.3.0 Objectives

2.3.1 Introduction

2.3.2 India-Japan Relations: Historical Background

2.3.3 Cold War and Deterioration in India-Japan Relations

2.3.4 Post-2000: Improvements in India-Japan Relations

2.3.5 Political and Strategic Cooperation

2.3.5.1 Focus of Strategic Cooperation

2.3.5.2 China Factor

2.3.5.3 Cooperation on Defence (Security) and Nuclear Sector

2.3.5.4 Maritime Security

2.3.6 Economic Cooperation and Trade Relations

2.3.6.1 Trade Relations

2.3.6.2 Foreign Direct Investment

2.3.6.3 Energy Security

2.3.7 Let us Sum Up

2.3.8 Exercises

2.3.0 OBJECTIVES

In this lesson you will study India-Japan relations and their significance to India's foreign policy.

After going through this lesson, you should be able to know:

- the historical background to India-Japan relations;
- from the deterioration of relations in 1960s to strategic partnership from 2000 onwards;
- important milestones in evolving political and strategic relationship between India and Japan;
- the growing security and nuclear cooperation between India and Japan; and
- the growth in trade and economic cooperation between India and Japan.

2.3.1 INTRODUCTION

The relationship between Japan and India has been influenced by the international power configuration over time. In the early post-War period, both countries embraced idealistic mooring about how the world should be. In due course of time, the United States (US) alliance system put Japan in the western camp of Cold War power politics while India followed a policy of non-alignment. However, with the end of the Cold War and the transformation of Asia into a composite power playground, India and Japan have developed a much closer relationship. The relative decline of America's strategic interest towards the East Asian region and the changing dynamics of security in Asia have forced Japan to search for new partners in Asia, culminating in the present strategic partnership with India. Prime Minister Mori Yoshiro's visit to India in 2000 signalled an upward swing in the relationship. The 'China factor' and improvements in US relations with India spurred a new peak in the relationship in 2006–07 as Japanese Prime Minister Abe Shinzo oversaw the design of a new roadmap for Japan–India relations, with much stronger concern for its strategic as well as economic dimensions.

The improvement of Indo-Japanese ties are part of India's "Act East" policy, which aims at strengthening relations with Asia-Pacific countries – such as Vietnam, South Korea, Japan and Australia – in line with India's growing economic and strategic interests. Japan and India are two of the oldest democracies in Asia and among its three biggest economies. In many ways, analysts argue, they make natural partners given that they have no serious disagreements – such as territorial disputes. In this backdrop, the present lesson analyses the growing relationship between India and Japan in its political, strategic, security and economic dimensions.

2.3.2 INDIA-JAPAN RELATIONS: HISTORICAL BACKGROUND

During early decades of Post Second World War period, India-Japan relations did not witness much movement on each other's part. Japan was still in the process of recuperating from the use of two atom bombs by the US against their two cities, Hiroshima and Nagasaki, on 6th and 9th August 1945. The first peak in the post-war bilateral relationship resulted from a bank of goodwill emanating from India's stance on a newly defeated Japan. During the military tribunal after World War II, Indian judge Radha Binod Pal disclaimed the notion of persecuting Japan's wartime leaders. As a member of the Far Eastern Commission, India also tried to convince allied powers to end their occupation of Japan. Later India refused to participate at the San Francisco conference on the grounds that peace could not last if China and the Soviet Union were not party to the peace treaty. India instead signed a separate treaty with Japan soon after the conference and renounced war reparations from Japan.

Diplomatically the relationship went from strength to strength. In 1951 India invited occupied Japan to participate in the New Delhi Asian Games as an independent nation. India was a central player in lobbying for Japan's entry into the United Nations (UN) and Japan's participation in the first Afro-Asian Conference in Bandung in 1955. Beyond the bilateral peace treaty, bilateral trade and cultural agreements were also signed. Japanese Prime Minister Kishi Nobusuke and his Indian counterpart Prime Minister Jawaharlal Nehru received huge welcomes during their respective visits to New Delhi and Tokyo in the late 1950s.

2.3.3 COLD WAR AND DETERIORATION IN INDIA-JAPAN RELATIONS

From the start of the 1960s, strategic alliances that were formed as the Cold War divided the world effectively neutered the bank of bilateral goodwill built up in the early post-war period. International and national factors impacted on each nation's understanding of the other. Japan tied itself firmly to the United States through the 1960 bilateral security treaty; India distanced itself from the two Cold War camps, joining Third World forces and participating actively in the non-aligned movement. These different strategic directions did not rupture bilateral relations but did produce mutual disillusion and disinterest that saw the two nations drift apart. For instance, when India sought Japan's support in the 1962 war with China and the 1965 India-Pakistan war, Japan favoured neutrality.

Domestic factors were at work, too. Unlike many other Asian countries in East and Southeast Asia, Japan saw no economic attractions in India. It was not just that India's economic growth remained very low. India's highly regulated economy and lack of both resources and markets that would complement Japan's needs as an international trader left little place for India in Japan's international economic mission. There was also no multilateral forum where Japan and India could engage with each other to compensate for their weak bilateral ties. Further fuelling bilateral disengagement was mutual ignorance. India's image in Japan highlighted India's sporadic ethnic violence, periodic political turmoil and continuing war and conflict with neighbouring states, especially its vexed relationship with Pakistan. Many scholars called this period as the 'dark age' of India-Japan relations.

The period after India's 1998 nuclear tests was the deepest bilateral rupture ever between these two Asian nations. Japan reacted strongly even when India tested its first 'peaceful' nuclear device in 1974 and passed a parliamentary resolution condemning the test, followed by mildly punitive sanctions. After the 1998 nuclear testing, however, Japan's reaction was much stronger practically and symbolically. Japan temporarily recalled its ambassador in India and suspended official dialogues, cutting official channels of communication. Japan was not just one of the first Organisation for Economic Cooperation and Development (OECD) nations to impose a range of economic sanctions on India, it also assumed the role of chief global protagonist to 'punish' India for defying the Nuclear

Non-proliferation Treaty (NPT) regime—in the UN, at the G-8 summit, at the ASEAN Regional Forum (ARF) meeting and at other international forums soon after.

Many in the Indian government and among Indian public intellectuals were stunned at the apparent duplicity in Japan's harsh treatment of India alongside its lenient attitude towards China in the event of both nations' nuclear testing. One senior diplomat in the Indian Embassy in Tokyo observed that 'the language of demands, rewards and punishments, benchmarks and so on, [was] reflective of a donor syndrome at its worst, a departure from the earlier history of good sentiments or with the Indian belief in mutuality of interests'.

2.3.4 POST-2000: IMPROVEMENTS IN INDIA-JAPAN RELATIONS

The negative impact of India's nuclear tests did not prolong too long. Due to changing post-Cold War dynamics and important strategic developments prevailed upon the leadership of both the countries. Internationally, Japan's chief ally, the United States, had begun to claim better understanding of India's strategic environment, and the US move to develop closer relations with India forced Japan to rethink its own position on India. With its mighty neighbour China looming ever larger, Japan recognised India's potential for helping to balance power vis-a'-vis China as a mainland Asian giant and for stretching Japan's ties with Asia westward. Furthermore, India's economy was on the upswing, especially through its IT revolution, and Japanese businesses recognised increasing economic opportunities in India. India too was keen to restore relations, recognising Japan's motivations as serving its own interests strategically and economically.

At the beginning of the 21st century, Japan and India resolved to take their bilateral relationship to a qualitatively new level. Both realize that the current international situation, characterized by inter-dependence and the advent of globalization, offers fresh opportunities to both India and Japan for enhanced engagement for mutual benefit. The foundation for this was laid when Yoshiro Mori, the then Prime Minister of Japan and Atal Behari Vajpayee, the then Prime Minister of India agreed during the Japanese Prime Minister's landmark visit to India in August 2000 to establish the "Global Partnership in the 21st Century".

Today, India and Japan share a global vision of peace, stability and shared prosperity, based on sustainable development. Shared democratic values and commitment to human rights, pluralism, open society, and the rule of law underpin the global partnership between the two countries. The global partnership between India and Japan reflects a broad convergence of their long-term political, economic and strategic interests, aspirations, objectives and concerns. Japan and India view each other as partners that have responsibility for, and are capable of, responding to global and regional challenges in keeping with their global partnership. A strong, prosperous and dynamic India is, therefore, in the interest of Japan and vice versa. In the above context and in view of the current international situation, it has been decided to reinforce the strategic focus of the global partnership between Japan and India.

Japan and India are partners in peace, with a common interest in and complementary responsibility for promoting the security, stability and prosperity of Asia as well as in advancing international peace and equitable development. It was agreed during the visit of the then Japanese Prime Minister Junichiro Koizumi in April 2005 that the two countries would further strengthen their cooperation and pursue an all round and comprehensive development of bilateral relations, with a particular and urgent focus on strengthening economic ties, through full utilization of the existing and potential complementarities in their economies. It was decided that both the countries would strive to develop closer dialogue and collaboration to secure peace, stability and prosperity in Asia, promote democracy and development, and explore a new architecture for closer regional cooperation in Asia. It was also agreed that the two countries would strengthen cooperation in diverse areas such as environment, energy, disarmament, non-proliferation and security, taking advantage of, and further building on, their strategic convergences.

2.3.5 POLITICAL AND STRATEGIC COOPERATION

The beginning of the 21st century witnessed a dramatic transformation in India-Japan bilateral ties. During Japan Prime Minister Mori's path-breaking visit to India in 2000, the Japan-India Global Partnership in the 21st century was launched. The Joint Statement signed by India's Prime Ministers Manmohan Singh and Shinzo Abe in 2006

factored in new challenges as they emerged, and the relationship was upgraded to a Global and Strategic Partnership with the provision of annual Prime Ministerial Summits.

Official-level contacts have expanded significantly alongside reciprocal visits by Japanese prime ministers and their Indian counterparts. While visiting India in 2005, Prime Minister Koizumi Junichiro agreed on an eightfold initiative to build the global partnership, particularly reinforcing its strategic orientation. In 2006 during Prime Minister Manmohan Singh's visit to Tokyo, the two nations established a 'Strategic and Global Partnership' with annual summits in 2007 and 2008 in each other's capital alternately; but the highlight of prime ministerial visits was that by Prime Minister Abe Shinzo in August 2007. His visit and the kind of reception he received were reminiscent of the visit of Prime Minister Kishi, Abe's grandfather, 50 years previously. While emphasising historical links and contemporary sharing of interests as two democratic nations with vast populations, Abe signalled his country's intention to engage with India economically as never before by including some 200 business and trade leaders as part of his entourage. A Joint Statement on "the Roadmap for New Dimensions to the Strategic and Global Partnership between India and Japan" and a Joint Statement on the Enhancement of Cooperation on Environmental Protection and Energy Security were signed. Strategically, both Abe and his successor Aso Taro favoured a quadrilateral framework involving Japan, India, the United States and Australia and building an alliance of democracies described as the 'arc of freedom and prosperity', with India as a key player. Whereas Japan had long been reluctant to include India in regional groupings such as the Asia-Pacific Economic Cooperation (APEC) Forum and the ARF, Japan now persuaded other members to accept India as part of the East Asian Summit process, clearly extending the political construct of 'East Asia'.

India's Prime Minister Manmohan Singh paid an Official Working Visit to Tokyo from 21-23 October 2008. This was part of regular annual summit which has been agreed between the two countries and which has been carrying on every year since then. A Joint Declaration on Security Cooperation and a Joint Statement on the Advancement of Strategic and Global Partnership between India and Japan were signed. Manmohan Singh once again visited Tokyo from 24-26 October, 2010 for the Annual Bilateral Summit. This landmark visit has imparted a further momentum and continuity to the India-Japan Strategic and Global Partnership.

Emperor Akihito and Empress Michiko visited India from 30 November – 6 December 2013. Prime Minister Abe paid an official visit to India for the 8th Annual Summit with Prime Minister Manmohan Singh from 25-27 January 2014 and was the Chief Guest at the Republic Day parade in New Delhi.

Prime Minister Narendra Modi visited Japan from 30 August – September 3, 2014 for the 9th Annual Summit Meeting with Prime Minister Shinzo Abe. During the visit, the two sides upgraded the relationship to a ‘Special Strategic and Global Partnership’. During the visit, both sides agreed to establish the ‘India-Japan Investment Promotion Partnership’. PM Abe pledged to realize public and private investments worth JPY 3.5 trillion and doubling of the number of Japanese companies in India over the next five years. Modi’s visit reflects an attempt to address the concern over low economic profile of the relationship.

In what would have been music to the ears of the Japanese government, Prime Minister Narendra Modi, during the same visit, said that the “expansionist” ideas of the 18th century are still visible in the world — some countries “encroach” on others, some “enter the seas”, and some “capture other’s territory”. While he did not name China, the reference to “encroachment” and “entry into the seas” is being interpreted as a reference to China’s spats with Japan over the Senkaku Islands.

Prime Minister Shinzo Abe visited India for the 10th annual summit with Prime Minister Narendra Modi from 11-13 December 2015. Following their meeting, the two Prime Ministers issued a Joint Statement and a Fact Sheet agreeing to expand bilateral cooperation in a wide range of areas including in the fields of civil nuclear energy, high-speed rail (bullet train) network, defence equipment & technology, taxation, science & technology, investment, education, disaster relief and people-to-people exchanges. 16 Agreements/MoUs/ MoCs/ LoIs were exchanged during the visit. In a special gesture, India also announced “visa on arrival” scheme for all Japanese travellers, including for business purposes, from March 1, 2016. PM Abe, accompanied by PM Modi also visited the city of Varanasi, which signed a partnership agreement with the city of Kyoto in August 2014. A ‘Japan-India Make in India Special Finance Facility’ of JPY 1.3 trillion was also established during the visit of PM Abe to India in December 2015.

The two countries have several institutional dialogue mechanisms, which are held regularly, at senior official and functional levels to exchange views on bilateral issues as well as regional and international cooperation. There is foreign office consultation at the level of Foreign Secretary / Vice Foreign Minister as well as a 2+2 Dialogue at the level of Foreign and Defence Secretaries. Similarly, there are dialogue mechanisms in diverse fields such as economy, commercial, financial services, health, road transport, shipping, etc. to name a few sectors.

2.3.5.1 Focus of Strategic Cooperation

Prime Minister Koizumi's visit to India in April 2005 marked the launch of the "Japan-India Partnership in a New Asian Era," which aimed to reinforce the "strategic" focus of the global partnership between the two countries. At the Tokyo summit meeting in December 2006, Prime Ministers Singh and Abe announced the "Joint Statement towards Japan-India Strategic and Global Partnership." It was confirmed that both prime ministers would visit each other every other year. India is the first country for Japan to make an official promise to visit, while India had previously promised to visit Russia. Since then, the prime ministers' mutual visitation and annual ministerial dialogues have been institutionalized. Even against the backdrop of geopolitical change triggered by China's emergence, the Japan-India Strategic and Global Partnership has gained much importance.

The Joint Declaration on Security Cooperation between India and Japan signed in 2008 is the only such document that India has ever signed with any other country. It recognises "that a strong and prosperous India is in the interests of Japan and that a strong and prosperous Japan is in the interests of India". It then adds that "India and Japan share common interests in the safety of sea lines of communications." Regarding the mechanisms of maritime cooperation, it says, "The two Coast Guards will continue to promote cooperation to ensure maritime safety, maritime security and protect the marine environment through joint exercises and meetings between the two Coast Guards."

The "Joint Declaration on Security Cooperation between Japan-India" signed at the 2008 summit meeting is noteworthy for providing a comprehensive framework for enhanced security cooperation between the two countries. It was followed up by the

“Action Plan to Advance Security Cooperation” in December 2009. The action plan outlined strategic and defence cooperation, including annual strategic dialogue between foreign ministers, annual subcabinet/senior official 2+2 dialogue and annual bilateral naval exercises.

In December 2015, Japan and India jointly validated their convergent strategic trajectories when Japanese Prime Minister Shinzo Abe and Indian Prime Minister Narendra Modi in a historic move affirmed “Japan and India Vision 2025 Special Strategic and Global Partnership: Working Together for Peace and Prosperity of the Indo-Pacific Region and the World”.

The growing intensity of Japan-India Special Strategic and Global Partnership needs to be directly related to the degree of the enhancement of the China Threat perceived by both these now powerful nations and other countries in the region being militarily coerced by China

2.3.5.2 China Factor

One of the main factors bringing India and Japan together is structural and directly linked with the strategic context. The changing international order – including most notably, the rise of China – witnessed India and Japan increasingly thrown together on a variety of issues. The emergence of China as a potential regional hegemon in Asia has compelled India and Japan to adopt a balancing behaviour to prevent a potential threat to their security. Moreover, their common view of Asia’s security architecture has created some convergence. Indeed, China seeks a multipolar world but a unipolar Asia centred on Chinese power, whereas India and Japan desire a multipolar Asia and a multipolar world. These converging views have created the momentum for increased cooperation. India and Japan have put their relationship on a firm basis which includes a “2+2 dialogue”, the foreign secretary dialogue, the defence secretary dialogue and the trilateral dialogue between India, US and Japan. The new trilaterals emerging in Asia go beyond past attempts at rudimentary joint military exercises. In December 2013, the Japanese Maritime Self-Defense Force (JMSDF) conducted its first bilateral maritime exercise with the Indian Navy in the Indian Ocean Region. With growing strategic convergence between the two, in 2014 India invited the JMSDF to participate in the annual Malabar exercises with the U.S. Navy in the Pacific waters.

2.3.5.3 Cooperation in Defence and Nuclear Sectors

Despite growing proximity between both the countries, one of the challenges in the bilateral relation is negotiating the Agreement for Cooperation in the Peaceful Uses of Nuclear Energy. Fundamental differences on CTBT continue to make the negotiations difficult. While Japan underscores the importance of CTBT, India reiterates its commitment towards voluntary moratorium on nuclear testing. Additionally, Japan is navigating through the difficult choice of Japan's position on nuclear non-proliferation and the commercial interests of Japanese nuclear businesses, struggling to cope with the post-Fukushima financial loss. Nuclear lobby is exerting pressure on the political leadership of Japan to facilitate nuclear technology export to compensate for the loss post-Fukushima accident.

The United States' signing of the US-India nuclear cooperation law in 2006 allowing India to receive US civilian nuclear technology and fuel gave Japan the green light to proceed with establishing bilateral relations with India in the defence and nuclear sectors. Japan has agreed to engage in discussions with India on civilian nuclear cooperation under 'appropriate' international safeguards and there is indication that Japan, as a member of the 44-nation Nuclear Suppliers Group (NSG), will support India's needs for nuclear energy. Some have even passionately argued in favour of Japan supplying nuclear technology to India.

India can cooperate significantly with Japan in the peaceful use of nuclear energy. Japan has already facilitated India's participation in the International Thermonuclear Experimental Research (ITER) project situated in France. India is the only country outside the NPT regime to have become a part of ITER. Japan agreed in principle to cooperate with India in the civilian nuclear energy sector in accordance with 'appropriate international safeguards'.

The Japan government has given very positive assurance to Prime Minister Modi when he visited Japan in September 2014 for early conclusion of an agreement on civil nuclear cooperation. While there was no agreement on the civilian nuclear cooperation, the two sides noted the "significant progress" and asked their officials to "further accelerate" the negotiations with a view to conclude the agreement at an early date. During the visit of

Abe to India in December 2015, both the countries formally signed a civil nuclear cooperation pact capping years of negotiations.

In the defence sector, Japan and India are increasingly cooperating in securing vital sea-lanes from the Persian Gulf from where Japan procures a substantial part of its oil supplies. In 2008 the two nations signed a joint declaration on security cooperation, only the second such cooperation agreement, after Tokyo signed a similar agreement with Canberra in 2007. In relation to this, high-level contacts have been developed between uniformed personnel of the two nations, including joint exercises and cooperation in piracy control. Security and defence dialogues at both official and semi-official levels are also undertaken periodically

As part of defence cooperation, Japan has already built the Indian Navy's only Floating Dock Navy-1 (FDN1). The FDN1 was designed by the Indian Institute of Technology and has a lifting capacity of 11,500 tonnes. Now, the Indian Navy is planning to acquire another floating dock, to be stationed in the strategic Andaman and Nicobar islands. He says, it's not all going to be plain sailing in the defence relationship—the Indian Navy has already looked for expressions of interest for the FDN2.

Most importantly, the Agreement concerning transfer of Defence Equipment and Technology Cooperation signed during the latest visit of Prime Minister Shinzo Abe on December 12, 2015 unveils a new chapter in India-Japan defence cooperation by making available defence equipment and technology needed to carry out joint research, development and/or production projects. India's defence modernisation presents enormous opportunities for the Japanese defence industry, which until recently concentrated exclusively on the domestic market in order to demonstrate Japan's commitment to peace. Now, there is tremendous scope for redefining the contours of the bilateral defence cooperation by way of transfer of, and collaboration on, projects related to defence equipment and technology.

The most recent India-Japan Defence Ministerial Meeting in March 2015 underscored that defence technology cooperation “can emerge as a key pillar of bilateral defence relations”. Besides, Japan has been identified as a privileged partner in the *Make*

in India campaign by Defence Minister Parrikar. India is interested in joint development and production of defence equipment. The progress on sourcing Japanese defence technology – for instance, negotiation on the Utility Seaplane Mark 2 (US-2) amphibian aircraft – is now in its final stages. Moreover, the manufacturers of the US-2 amphibian aircraft, ShinMaywa Industries, initiated discussions with several Indian counterparts as India and Japan debated the prospects of assembling the aircraft in India. The Pipavav Defence and Offshore Engineering Company will reportedly partner with ShinMaywa Industries in assembling the aircraft in India.

2.3.5.4 Maritime Security

Since 80 per cent of the oil and 20 per cent of the ships bound for Japan pass through the Straits of Malacca, its protection is a matter of concern for Japan. The Straits of Malacca are very prone to piracy, robbery and other forms of maritime terrorism. Since Japan does not have direct access to protect its interests in this region, it cooperates with friendly countries to ensure safety of the shipping route. In 1999, the Indian Navy and Coast Guard recovered a Japanese merchant ship *MV Alondra Rainbow*, which had been hijacked in the Malacca Straits, off the coast of Goa. Such incidents have led to closer coordination between the naval forces of Japan and India. This rescue operation was appreciated by the Japanese government, which stated that the Indian initiative in this regard underscored the importance of international cooperation to challenge piracy. During the visit of the then Indian Defence Minister George Fernandes to Tokyo in 2000, both countries initiated a security dialogue involving joint naval exercises, search and rescue missions and anti-piracy operations on the high seas. The geostrategic importance of India for Japanese maritime security is critical for the steady and uninterrupted supply of energy from the Middle East. As a major power with considerable naval prowess, Japan understandably expects India to assume a high-profile role in patrolling and safeguarding the busiest sea lane in the Indian Ocean.

India and Japan have increased their maritime cooperation at the bilateral and multilateral levels. India has joined as the tenth member of the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), the first regional government-to-government initiative to promote and enhance cooperation

against piracy and armed robbery at sea. Likewise, both countries share their mutual concerns at the Council for Security Cooperation in the Asia-Pacific (CSCAP), a non-governmental grouping discussing maritime-related and other security issues. Both India and Japan have also hosted each other's naval chiefs. The Coast Guards of the two countries already conduct joint exercises, alternately in Indian and Japanese waters.

2.3.6 ECONOMIC COOPERATION AND TRADE RELATIONS

Before World War II, India had been Japan's major trade partner, accounting for 10-15 percent of Japan's foreign trade up until 1937. India's major imports were cotton and pig iron. Japan and India were competitors in the textile and steel industries. Notably, both Japan and India were not only competitors, but also good partners. Tata, an Indian conglomerate, and Nippon Yusen Kaisha (NYL Line) collaborated in launching regular services between Bombay and Kobe in 1892, enabling Japan to import raw cotton at a reasonable cost.

Since the mid-1960s, under the closed inward-looking regime, India has struggled with industrial stagnation and has been largely left behind by the global tide. Japan, on the other hand, joined the Organisation for Economic Co-operation and Development (OECD) in 1964 and has ridden on the track of high economic growth, becoming an economic superpower. Japan's economic relations within Asia became increasingly focused toward East Asian countries. Since then, Japan and India became economically estranged from each other.

Nevertheless, India is one of the main beneficiaries of Japanese Overseas Development Aid (ODA). The Japanese aid and assistance continues even as on today; though there was a interruption in the aftermath of 1998 nuclear tests, India again became the largest recipient of Japan's ODA since 2003.

India's association with Japan became very important when Rajiv Gandhi was Prime Minister; he visited Japan in mid 1980s. Rajiv Gandhi's government took the initiative of laying the foundation of liberalisation of Indian economy in mid 1980s and Japanese companies like Honda Motors, Suzuki Motors, Sanyo Co., Sony Co., Toshiba Co. and

many other electronic companies entered India for setting up of their industries in India. The policies initiated during this period were pursued later on.

2.3.6.1 Trade Relations

However, despite pursuit of the “Look East” policy, Indian trade with Japan has remained stagnant. It was only in 2003–04 that bilateral trade started to show an upward trend, increasing from US\$5.36 billion in 2004–05 to US\$ 18.51 billion in 2012–13. Improved bilateral trade, however, has been largely overshadowed by other bilateral trading relations such as those of India-ASEAN, India-China and India-Korea. India-Japan bilateral trade was surpassed by India-China trade in 2002–03, and even by India-Korea trade in 2005–06. From 2013–14, India-China and India-ASEAN trade had quadrupled relative to Japan. Japan’s share in all Indian trade has decreased from 5.9 percent to 2.3 percent from 1997–2013, along with a significant decline of Japan’s rank in terms of total amount of trade from third to sixtieth. In contrast, India’s share of Japan’s total amount of trade remained only one percent during 2013. In the Financial Year (FY) 2014-15, Japan-India trade reached \$15.52 billion, showing decrease of 4.73% over FY2013-14, when the total bilateral trade was \$16.29 billion. This is nothing to do with India-Japan specific context but overall declining experienced by the international trade due to the global recession.

India’s primary exports to Japan have been petroleum products, chemicals, elements, compounds, non-metallic mineral ware, fish & fish preparations, metalliferous ores & scrap, clothing & accessories, iron & steel products, textile yarn, fabrics and machinery etc. India’s primary imports from Japan are machinery, transport equipment, iron and steel, electronic goods, organic chemicals, machine tools, etc. On 15 November 2013, India and Japan inked two strategic agreements including one that will enable Tokyo to import rare earth minerals, a move which will help it to reduce its heavy reliance on China for the key material that is vital for producing a range of high-tech products. It has widened the range of relations between India and Japan.

Noting the importance of increasing the trade between the two countries, India and Japan signed in February 2011 the Comprehensive Economic Cooperation Agreement

(CECA) covering trade in goods, services and investment under its ambit. It is expected that this Agreement will promote the liberalization and facilitation of trade and investment between the two countries and will further vitalize both economies by strengthening reciprocal economic ties in wide-ranging fields. The Agreement is most comprehensive of all such agreements concluded by India and covers not only trade in goods but also Services, Movement of Natural Persons, Investments, Intellectual Property Rights, Custom Procedures and other trade related issues. The CEPA envisages abolition of tariffs over 94% of items traded between India and Japan over a period of 10 years.

Though the Agreement is expected to give major boost to trade and investment ties between India and Japan, it is too early to appraise the effects of the CEPA on the status of Japan-India trade, but its impact has so far been modest. Prior to the Japan-India CEPA, the India-ASEAN FTA had come into effect in January 2010. India has gradually incorporated itself into the East Asian regional production network where large quantities of machine-parts are imported and exported within the region. The formation of a production network covering Japan and India through vigorous Japanese FDI into India would be the key to expanding the bilateral trade between the two countries.

2.3.6.2 Foreign Direct Investment (FDI)

It is in investment rather than trade where Japan-India economic relations have experienced a more dynamic trend. Japan ranked fourth, accounting for eight percent of the total accumulated volume of FDI inflows into India from April 2000 to December 2015. Since 2007, Japanese FDI into India began to show conspicuous expansion. Japan's cumulative investment in India since April 2000 to December 2015 has been nearly US\$ 19.434 billion. Japanese FDI into India has mainly been in automobile, electrical equipment, telecommunications, chemical and pharmaceutical sectors.

Presence of Japanese companies in India has been increasing steadily. As on October 2015, there were 1,229 Japanese companies registered in India which constituted a 6% increase over 2014 figures. There were also a total of 4,417 establishments of Japanese businesses operating in India as of February 2016, a rise of 14% compared to the year before. Japanese FDI into India has mainly been in automobile industry, electrical equipment,

pharmaceuticals, trading and telecommunications sector. The current level of FDI from Japan reflects neither the potential of Japan to invest nor the capacity of India to absorb. India's growing economy and stable investment climate offer large opportunities for Japanese companies.

During Indian Prime Minister Modi's visit to Japan in September 2014, Japanese Prime Minister Shinzo Abe announced his country's intention to invest 3.5 trillion yen (Rs 2.1 lakh crore) in India over the next five years. This large-scale funding, which will be both public and private, will be invested on the rejuvenation of Ganga, smart cities, transport systems, skill development and next generation infrastructure among other projects. Abe and Modi also agreed to set a target to double Japan's FDI and the number of Japanese companies in India within five years as part of the "Japan-India investment promotion partnership".

Modi promised single-window clearances and speedy, non-discriminatory decision-making. He proposed to set up a Japan-plus special management team directly under the PMO to facilitate proposals from Japan. He requested the Japanese government to nominate two people from Japan who would be part of a team which looks into business proposals, and they can be a permanent part of the decision-making process.

As is shown by the track record of Marti Suzuki, the expansion of Japanese FDI into India is highly expected to bolster the Indian manufacturing sector by bringing a high-quality production base and upgrading the skill-level of labors. As of now, six industrial parks dedicated to Japanese companies are being constructed in Rajasthan, Gujarat, Maharashtra and Tamil Nadu.

Japan has already left its footprint in Delhi Metro, which is credited for its punctuality and alleviating Delhi's severe traffic congestion. Japan's collaboration in Delhi Metro has contributed to the introduction of a new construction work culture, based upon the concept of 'safety' and 'the appointed time of delivery'.

India has expressed its intention to construct six major industrial corridors, which will be the cornerstone of the strategy to drive India's growth in manufacturing and urbanization. The six industrial corridors are Delhi-Mumbai, Amritsar-Kolkata, Chennai-

Bengaluru, Bengaluru-Mumbai and Vizaag-Chennai. Of the above six industrial corridors, Japan is already committed to the Delhi-Mumbai Industrial Corridor (DMIC) and the Chennai-Bengaluru Industrial Corridor (CBIC). Civil engineering work on the DMIC project have already started.

High-speed passenger corridors are another promising area for Japan-India collaboration. According to the Ministry of Railway's Vision 2020, India has a plan to introduce high-speed trains to provide services at 250–350 km/h at six corridors: Delhi-Amritsar, Pune-Mumbai-Ahmedabad, Hyderabad-Chennai, Howrah-Haldia, Chennai-Trivandrum, and Delhi-Patna. The Ahmadabad-Mumbai route within the DMIC is most likely to be India's first high-speed line from the standpoint of marketability, reflecting its high population density across high-income region. Following the summit meeting in May 2013, Prime Ministers Singh and Abe, of India and Japan respectively, signed the MOU in October between Indian Railway and JICA to conduct a joint feasibility study on the Ahmadabad-Mumbai route.

2.3.6.3 Energy Security

The increasing demand for energy to fuel India and China's economic growth, coupled with the impact of post-9/11 counter-terrorism measures in the Middle East, have forced energy (oil and gas) importing countries in Asia to formulate new long-term energy strategies. Japan is the second largest consumer of oil in Asia after China, its consumption of 5.9 million barrels representing approximately 25 per cent of regional demand in 2005. Increased vulnerability has instigated a 'paradigm shift' in Japan's energy security concept, which in recent times has emerged at the top of the political agenda. Japanese policy makers have now recognised that energy is a strategic good rather than simply a commodity and that Japan's energy policy should be determined by its long-term national interest rather than short-term economic considerations.

As a matter of fact, India has also sought to pursue cooperation with major consumers of oil and natural gas such as China, South Korea and Japan to chalk out plans for sustainability of demand and supply and to streamline the pricing formula. In order to increase cooperation between the oil producing and oil consuming countries, India organised

a high level round table meeting in Delhi in January 2005. Both Japan and India have also agreed to increase scientific and technological cooperation in oil and gas; R&D cooperation in energy-related areas such as coal bed methane, underground coal gasification and other unconventional fuels such as hydrogen, biofuels and gas hydrates; and decided to exchange personnel for research and academic institutions and to promote greater mutual understanding in the hydrocarbon sector. During Prime Minister Manmohan Singh's visit to Tokyo in 2006, it was agreed that the two sides would tackle global energy security issues jointly. A Japan–India Energy Dialogue was held in Tokyo between the Planning Commission of India and the Ministry of Economy, Trade and Industry (METI) of Japan, to promote cooperation in the energy sector in a comprehensive manner. The areas covered included oil and natural gas, coal, electric power, renewable energy sources, energy efficiency and other relevant sectors.

Bilaterally, India and Japan institutionalised “India-Japan Energy Dialogue” between the Planning Commission of India and the Ministry of Economy, Trade and Industry of Japan. It has become a platform for sector-specific discussions by experts of both sides to strengthen consumer-producer dialogue on LNG and deepen cooperation in energy conservation and renewable energy sectors. In addition, both sides decided to strengthen programs to further disseminate and expand model business projects that have thus far been implemented by the two sides, and to enhance cooperation in upstream development of petroleum and natural gas. The two sides recognized the need to promote industrial cooperation to expand bilateral energy cooperation on a commercial basis. From this point of view, they reiterated the importance of India-Japan Energy Forum and regular inputs from the forum to the dialogue. Both sides discussed to explore way forward to showcase Japanese technology in energy sector for wider dissemination in India.

2.3.7 LATEST DEVELOPMENTS

Japanese Prime Minister Shinzo Abe was the first foreign dignitary to congratulate Prime Minister Narendra Modi on his resounding victory in the parliamentary elections on 23 May, 2019. The return of Modi to power for one more tenure has been welcomed by analysts in both India and Japan as far as Indo-Japanese relations are concerned. Most of the scholars agree that bilateral relations between India and Japan have progressed in all

directions during 2014-2019. Having elevated the bilateral ties to a special strategic and global partnership in 2014, both Modi and Abe have sought to make it a major element for peace and stability in the Indo-Pacific region. Emphasizing the need for closer coordination between the two countries to address regional security, Modi has supported robust defence cooperation with Japan. Such cooperation has been expanding in recent years supported by the regular annual Strategic Dialogue and the Defence Dialogue between the two. Further, in 2018, both Modi and Abe agreed to create a new Foreign and Defence Ministerial Dialogue to further intensify defence cooperation. Modi has also elevated the US-Japan-India trilateral dialogue to the ministerial level.

2.3.7.1 India-Japan Strategic Alignment

Tokyo and New Delhi held their inaugural “two-plus-two” Foreign and Defense Ministerial Meeting on November 30, 2019. While two-plus-two dialogues at the secretary level have been ongoing since 2010, this meeting marked a significant upgrade, as delegations were led by the foreign and defense ministers for the first time. The two-plus-two mechanism seems to be favored by Japan — the country has held talks with the United States, Australia, Russia, France, U.K., and Indonesia in this format. Significantly, however, Japan is only the second country (after the United States) with which India has such a high level two-plus-two format.

Acknowledging mutual strategic interests and emerging security challenges, the joint statement released after the meeting highlighted that the dialogue “will further enhance the strategic depth of bilateral security and defense cooperation.” The dialogue provided a platform for Tokyo and New Delhi to try and finalize the military logistics agreement called the Acquisition and Cross-Servicing Agreement (ACSA) in time to be signed at the 2019 annual summit (which, as noted above, had to be postponed). The agreement would enhance the already close military engagement between the two countries whereby Japan could gain access to Indian facilities in the Andaman and Nicobar Islands, and India could have access to Japan’s naval facility in Djibouti.

Japan and India also stand to benefit from closer economic and developmental partnerships, including energy, water supply, health, irrigation, environment, technology,

and people-to-people exchanges. They have partnered on projects in the strategically sensitive regions of Andaman and Nicobar Islands and India's northeast, where New Delhi traditionally is stringent about allowing foreign investment. Japan's NEC Corporation has been contracted to install an undersea cable from Chennai to the Andaman and Nicobar islands while Tokyo is also involved in road connectivity projects linking India's northeastern states to neighboring ASEAN countries.

In 2018, Japan and India also inked a 'digital partnership', which includes the establishment of a startup hub in Bengaluru, mutual investments support, collaboration on digital infrastructure and system designs, partnership in IT human resources, research and development, as well as next-generation networks. Combining the strengths of Japan's hardware capabilities and India's software expertise presents tremendous growth opportunities and could also mitigate urgent domestic challenges in an era that promises increasing digitalization and potential technological disruptions.

The Quad Security Framework

New Delhi faces a critical external environment and Japan will be the partner of choice for India in the Indo-Pacific region and beyond. It is noteworthy that there is cross-party support for closer ties with Japan in India. In an era that has seen an increasingly assertive China, India and Japan both increase their options by collaborating with each other. This factor, along with New Delhi's growing ties with Washington, has changed the equations in the Indo-Pacific.

The Quadrilateral Security Dialogue (QSD, also known as the Quad) is an informal strategic dialogue between the United States, Japan, Australia and India that is maintained by talks between member countries. The dialogue was initiated in 2007 by Prime Minister Shinzo Abe of Japan, with the support of Vice President Dick Cheney of the US, Prime Minister John Howard of Australia and Prime Minister Manmohan Singh of India. The dialogue was paralleled by joint military exercises of an unprecedented scale, titled Exercise Malabar. The diplomatic and military arrangement was widely viewed as a response to increased Chinese economic and military power, and the Chinese government responded to the Quadrilateral dialogue by issuing formal diplomatic protests to its members.

2.3.7 LET US SUM UP

Japan's relations with India over the past decade have been marked firmly by symbolism and by a harder-nosed pragmatism. Japan did an about-face in warming very quickly to India not long after responding very punitively to India's atomic bomb testing in 1998. India has continued to respond positively to Japan's gestures. Developments so far this century suggest that Japan and India have recognised each other's potential to help balance the power shift in Asia. Japan and India thus now have clear reason to create the strategic, economic and political partnership that eluded these two Asian partners throughout the second half of the 20th century.

As two of the biggest democracies in the most populous and dynamic region in the world, the many values that India and Japan share are crucial to ensuring stability in the Asia-Pacific and beyond. As conflict over territorial expansion, securing resources, and interpretation of history continue to raise tensions among Asian nations, the shared ideology between Japan and India has been regarded as the basis of a strong partnership to promote regional growth. In fact, growing ties between the two countries is increasingly viewed as a counterbalance to the shifting power dynamics in Asia. The question, though, is to what extent their mutual concerns can lead to a lasting partnership.

2.3.8 EXERCISES

1. Write a note on India's contribution to end Japan's isolation after Second World War.
2. Critically analyse factors that contributed to deterioration in India-Japan relations during Cold War.
3. Post-Cold War strategic developments significantly contributed to the increasing cooperation between India and Japan. Explain.
4. Write briefly India-Japan cooperation in trade and other economic dimensions.

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UNIT – II: INDIA, SOUTH EAST ASIA AND FAR EAST

**2.4 INDIA'S RELATION WITH VIETNAM:
PATTERNS AND TRENDS**

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STRUCTURE

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2.4.0 OBJECTIVES

In this lesson you will study India's relationship with two important Southeast Asian countries,

Indonesia and Vietnam. After going through this lesson, you should be able to know:

- The divergence and convergence between India-Indonesia relations during the Cold War period;
- The multiple dimensions of India-Indonesia relations in the post-Cold War period;
- The importance of Vietnam to India's foreign policy in Southeast Asian region;
- the growing strategic, security, economic and energy cooperation between India and Vietnam.

2.4.1 INTRODUCTION

The 'Look East' policy has been a major part of India's international engagement since its economic opening in 1991. Having received bipartisan support from successive Indian governments, the policy has evolved from economic and diplomatic engagement with Southeast Asia to broader security and defence ties across the whole Asia-Pacific. Look East Policy has thus developed into a multi-pronged strategy involving many institutional mechanisms at multilateral and bilateral levels, economic links, and defence engagement. India's trade with North and Southeast Asia now represents about a quarter of its total trade; outweighing that with the United States and the European Union. Since coming to power in 2014, the government of Prime Minister Narendra Modi has lent India's Look East policy even greater momentum, unveiling an upgraded 'Act East Policy'

during the India-ASEAN Summit in Myanmar in November 2014. This is more than just a rebranding. The message is that India is becoming increasingly willing to play a more active and prominent strategic role, exemplified by enhanced defence diplomacy in East and Southeast Asia. As part of this policy, India has signalled a willingness to play a greater strategic role in the region, deepening links with such partners as Japan, Vietnam, Indonesia and Australia. In this lesson, India's relations with Indonesia and Vietnam are analysed with focus on strategic and economic dimensions.

2.4.2 INDIA'S RELATIONS WITH INDONESIA

India is seeking a direct political and security role in Southeast Asia as part of its emergence as a regional power. Indonesia, by virtue of its size, leading role in the region, and geographical position, is likely to become an essential element in India's regional strategy. India and Indonesia are currently engaged in increasing dialogue intended to bring a new dynamism to their bilateral relationship. Both countries find a growing convergence of interests in diverse areas in an era of global economic liberalization. For Indonesia, India also represents a potentially attractive partner in its desire to play a significant role in the developing regional order in Asia. This section of the lesson analyses this growing relationship between India and Indonesia. It focuses on Indian-Indonesian relations during the Cold War, examining their shared strategic circumstances and their history of rivalry/divergences and coexistence. Then it moved to examine post-Cold War developments in Indian strategic perceptions, focusing primarily on India's ambitions to become the predominant maritime security provider in the Indian Ocean.

2.4.2.1 Divergence and Coexistence during the Cold War

Indonesia, with more than 13,600 islands and 187 million people, is the largest country in Southeast Asia. The two nations share a contiguous maritime boundary between Great Nicobar and Sumatra, and along the Andaman Sea and the Indian Ocean. Geographic proximity, cultural similarities, anti-colonialism, and the spirit of Afro-Asian solidarity, were common factors that brought India and Indonesia to see eye to eye on the eve of their independence. Relations developed so deeply that New Delhi preferred the Indonesian

embassy to be located as near as possible to Teen Murti, the then Prime Minister's residence.

Upon gaining independence in the late 1940s, both India and Indonesia found themselves in similar strategic circumstances. The newly independent India supported the Indonesian nationalist struggle against the Dutch and subsequently Indonesia's role as a leading post-colonial state. For their part, Indonesian leaders drew inspiration from India's non-aligned posture and its resistance to attempts by the U.S. to draw the newly decolonized states into its anti-Soviet camp. India and Indonesia were also founders of the Non-Aligned Movement (along with Yugoslavia and Egypt) in 1961. From the 1960s, both shared significant concerns about Chinese expansionism and subversion in the region. Both also claimed a leading role in their respective regions and, with only limited success, sought to minimize the influence of external powers in their respective neighbourhoods.

However, India and Indonesia were less supportive of each other's broader regional ambitions. In the early 1960s, when Indonesia sought to achieve regional hegemony in Southeast Asia by scuttling the creation of an independent Malaya, India gave Malaya significant support in various international forums as well as advocating a continuing security role for Great Britain in the region. Indonesia countered by supporting Pakistan in its 1965 conflict with India, including supplying Pakistan with submarines, missile boats, and MiG fighters (along with Indonesian support crews). Indonesian President Sukarno even briefly considered seizing the Andaman and Nicobar Islands from India as a way of showing support for Pakistan. In fact, the Indonesian threat to the Andaman Islands was a key reason why the Indian Navy remained in the Bay of Bengal during the 1965 war and failed to take offensive action against Pakistan. This was a lesson in the strategic importance of Indonesia to India.

The rivalry between India and Indonesia during the early 1960s was aggravated by Indonesia's increasing tilt toward communist China, including the perceived formation of a China-Indonesia-Pakistan axis hostile to India. Indonesia, during 1961-65, wanted to project NAM as a forum for confrontation against colonialism and neo-colonialism in the Third World. President Soekarno believed in revolutionary ways and exhorted the Afro-

Asian world to confront the Western powers. India, on the other hand, supported a neutralist posture and a middle path. New Delhi perceived dangers in the adoption of a confrontationist stance in relation to the West.

Sukarno's overthrow in the aftermath of an attempted coup in September 1965 subsequently eased tensions between the two countries. Chinese political influence in Indonesia was swept away, and Jakarta moved quickly to repair damaged relations with India. Indonesia, in fact, effectively ceased to pursue hegemony over maritime Southeast Asia and instead backed the creation of the Association of Southeast Asian Nations (ASEAN). Indonesia also withdrew its military support for Pakistan and backed India's claims over Kashmir. Indonesia and India began sharing the view that China constituted the most significant threat to the region.

Through the late 1960s and 1970s, India and Indonesia worked together to limit the influence of "extra-regional" powers in Southeast Asia and the Indian Ocean, especially the U.S. They co-sponsored the Indian Ocean "Zone of Peace" (IOZOP) proposal that would have limited any outside naval presence in the Indian Ocean. (In the long run, this would have left India as the major naval power in the Indian Ocean.) However, while Indonesia firmly opposed the presence of all outside naval powers there in the 1960s, its thinking later evolved toward accepting what it called a "reasonable balanced presence" of outside powers. By the late 1970s, in light of increasing concerns over the Soviet naval presence, the Indonesians welcomed limited U.S. presence in the Indian Ocean and Southeast Asia.

The most important issue that adversely affected India-Indonesia relations in the eighties was that pertaining to the activities of the Indian Navy. In 1986, when it was reported that India was planning to build a major naval base at Great Nicobar, Jakarta expressed its concern. Though the plans to build the base were finalized, India had to shelve them as a result of adverse regional reaction. However, India, under the stewardship of Rajiv Gandhi, tried to enhance its navy's sea control capabilities with the backing of the Soviet Union. In 1988, the Indian Navy acquired a Charlie-class nuclear-powered submarine on lease from the Soviet Navy. Again, serious concerns were expressed by the ASEAN

states, particularly Indonesia. India subsequently found the procurement of that submarine a liability, and in 1990 returned it to the Soviet Union. While India retraced its steps, China raised New Delhi's ire by building naval bases at Coco island and Hanggyi in Myanmar. The Chinese also strengthened their foothold in the South China Sea after a March 1988 naval clash with Vietnam, and asserted claims of sovereignty over the entire South China Sea. These moves became a matter of concern to the Southeast Asian states and helped to shift the spotlight of regional anxiety from India to China.

The dissolution of the Soviet Union, the emergence of China as a great power and the passage by the Japanese Diet of legislation for peacekeeping operations, gave birth to new imperatives for change. New diplomatic paradigms therefore emerged in which India and the ASEAN states had identical viewpoints. Under the new conditions, the ASEAN states, including Indonesia, reviewed their policies towards India.

2.4.2.2 India and Indonesia in Post-Cold War Period

The end of the Cold War led to a major reassessment of India's relationships in the region. In 1992, India launched its "Look East" policy to promote economic engagement with the fast-growing economies of Southeast Asia. Indian strategic thinking about archipelagic Southeast Asia is also closely connected with New Delhi's conception of India's security role in the Indian Ocean and surrounding maritime zones. Indian strategic thinkers increasingly see the Indian Ocean as India's natural strategic space—essentially, "India's Ocean." The Indian Navy has come to see itself as destined to become the predominant maritime security provider in a region stretching from the Red Sea to Singapore, and having a significant security role in areas beyond, including the South China Sea. The Malacca Strait, the primary point of transit between the Pacific and Indian Oceans and a maritime "choke point," has become a major focus of India's regional maritime strategy.

Due to this, the importance of Indonesia in India's regional strategy has arguably increased. For India, Indonesia is significant in several ways. First, it is by far the largest state in Southeast Asia and is regarded as *main actor* in ASEAN. A relationship with Indonesia will help India develop its relationship with ASEAN institutions and also its bilateral relationships across the region. Second, Indonesia's historical concern about China

makes it a potentially important partner in balancing against China's influence in East Asia, particularly in influencing the development of regional political and economic institutions favourable to India. Third, Indonesia's geographical location between the Indian and Pacific Oceans makes it key to India's aims to counter China's growing maritime interests in the Indian Ocean, to control the Malacca Strait, and to gain a role as a naval power in the western Pacific. Fourth, Indonesia's cooperative (though independent) security relationship with the U.S. fits well with India's own strategic posture. For India, a political partnership with Indonesia may be useful in increasing its freedom of action in working with the U.S. and its regional allies, while simultaneously promoting the development of a multipolar region. Fifth, India has an important stake in the continued stability and viability of Indonesia—the world's largest Muslim majority nation—as a secular and democratic state.

2.4.3 CURRENT DIMENSIONS OF STRATEGIC COOPERATION BETWEEN INDIA AND INDONESIA

Since the mid-1990s, Indonesia has given significant support to India for its ambitions to improve political and security links with the region. Consistent with its longstanding position, Indonesia has played an important role in supporting and encouraging the development of India's institutional relationship with ASEAN. For example, Indonesia had a leading role in supporting India's membership in the ASEAN Regional Forum (ARF) in 1996; in July 1998, it helped to head off significant criticism of India in the ARF over the Pokhran II nuclear tests. After China and others resisted India's inclusion in the ASEAN Plus Three grouping, Indonesia backed creation of the annual ASEAN-India Summit in 2002. Indonesia was also a strong supporter of India's participation in the East Asian Summit of 2005. While Indonesia has generally allowed Singapore to take the lead as India's regional advocate, India has acknowledged that Indonesian support has been essential at each step in India's growing engagement with ASEAN.

The fact that there have been as many as eight Heads of State/Government visits both ways since 2000 stands ample testimony to the intensification of bilateral ties. From the Indonesian side, President Abdurrahman Wahid (February 2000), President Megawati Soekarnoputri (April 2002), President Susilo Bambang Yudhoyono (November 2005,

January 2011 and December 2012) visited India. From Indian side, PM visited Jakarta in 2003 to attend the India-ASEAN Summit in Bali and in April 2005 to attend the Commemoration of the 50th Anniversary of the Afro-Asian Conference in Bandung. During the commemoration, the Indonesian President conferred the singular honour on PM to speak on behalf of Asia. The President of India paid a State Visit to Indonesia in November 2008. President Yudhoyono was on a State Visit to India as Chief Guest of the Republic Day in January 2011. President Yudhoyono's visit to India in January 2011 as the Chief Guest on the occasion of India's Republic Day further deepened the strategic partnership. During the visit, 16 Inter-Governmental Agreements were signed. Prime Minister visited Bali from 18-19 November 2011 to attend the India-ASEAN Summit and East Asia Summit.

President Yudhoyono attended the India-ASEAN Commemorative Summit in New Delhi on 20-21 December 2012 accompanied by several cabinet Ministers. There has also been a regular exchange of Ministerial visits and a Joint Commission process co-chaired by the Foreign Ministers of the two countries. To further improve relations President Yudhoyono agreed to establish a "strategic partnership" to open a new chapter in bilateral relations. The New Strategic Partnership (NSP) is designed to address the long term interests of both countries, through closer diplomatic coordination, stronger defence relations, enhanced economic relations especially in trade and investment, greater technological cooperation, intensified cultural ties, educational linkages and people to people contacts. By working together and drawing upon each other's strengths, it is hoped that the NSP will enable India and Indonesia to contribute to regional and global peace, prosperity and stability. The NSP is premised on the recognition that "as the world's largest democracies, and as independent-minded nations with a long tradition of internationalism, the combined voice of Indonesia and India can make a difference in international affairs."

Prime Minister Dr. Manmohan Singh visited Indonesia on October 10-12, 2013. During the visit, both the leaders reviewed progress in bilateral relations since the elevation of the bilateral relationship to the strategic level and also exchanged views on regional and international issues such as global financial crisis, ASEAN, EAS, G-20 etc. MOUs on the

issues such as combating illicit trafficking in Narcotic drugs; cooperation in disaster management; and cooperation in combating corruption were signed. Both leaders agreed to adopt a five-pronged initiative for strengthening the Strategic Partnership in the areas of Strategic Engagement, Defence and Security Cooperation, Comprehensive Economic Partnership, Cultural and People-to-People Links and Cooperation in Responding to Common Challenges.

2.4.3.1 Cooperation on Security

The two countries signed a Defence Cooperation Agreement in 2001 and have had regular defence exchanges including high level visits, ship visits, officers studying in staff colleges in either country and joint coordinated patrols at the mouth of the Malacca Strait. The first meeting of the Joint Defence Cooperation Committee (JDCC), at the defence secretary level was held in Jakarta in June, 2007. The second meeting of the JDCC was held in New Delhi on June 17-18, 2010. The two countries also agreed to intensify cooperation to curb terrorism, a menace common to both. This was an attempt to further institutionalise the already existing ‘Bilateral Agreement on Cooperative Activities in the field of Defence’ concluded in 2001.

2.4.3.2 Cooperation in Combating Islamic Extremism

India has also been in a position to provide assistance to Indonesia in countering domestic threats from Islamic jihadists. Indonesia’s vulnerability in this area, and its potential as a source of regional instability, was underlined through the rise of Islamic extremist cells based in Indonesia after 9/11, and the Bali and Marriott bombings of 2002 and 2003, respectively. Then-President

Wahid publicly supported India’s position on terrorism in January 2001. The arrest by Pakistani authorities of senior members of Indonesia’s Jemaah Islamiyah (Islamic Congregation), while training in Pakistan with the Kashmir separatist group Laskar-e-Taiba, led to a memorandum of understanding in July 2004 between Indonesia and India on combating international terrorism. In November, Indonesia requested additional Indian assistance in countering terrorism, with an emphasis on maritime security, including a proposal to create what the Indonesians termed an “institutional arrangement.” Shared interests in

combating Muslim extremist terrorism were underlined in July 2009 when both countries made a joint plea at the ARF for more effective intelligence sharing in the region.

2.4.3.3 Maritime Security Cooperation in the Andaman Sea

India has made a concerted effort to develop a strong maritime security relationship with Indonesia. Even before the end of the Cold War, India began implementing confidence-building measures in maritime security, including hosting joint naval exercises with Indonesia and other regional partners. India and Indonesia commenced bilateral naval exercises off Surabaya in 1989 and in the Andaman Sea, which lies west of the Malay Peninsula and north of Sumatra, in 1991. Several years later, India instituted the biennial naval gathering in the Andaman Islands with the Indonesian Navy and those of other regional powers. India also invited senior Indonesian naval officers to inspect Indian naval facilities in the Andaman and Nicobar Islands to allay Indonesian concerns over their bases.

2.4.3.4 Security in the Malacca Strait

One issue of continuing importance in the Indo-Indonesian relationship is India's ambition to act as a security provider for the Malacca Strait. The strait, the key maritime transit route between the Indian and Pacific Oceans, is one of the world's busiest waterways, carrying over 62,000 ship movements in 2006. It is the key trade route between East Asia and Europe, carrying an estimated one-third of global trade and the bulk of energy supplies from the Middle East to East Asia (including an estimated 70%–80% of China's energy imports and 90% of Japan's). The strait is considered particularly prone to both piracy and potential terrorist attacks.

Since the mid-1990s, India has placed significant emphasis on achieving naval predominance in the Bay of Bengal and the western approaches to the Malacca Strait. Nevertheless, India has been careful to position itself as a potential benign security provider in the Strait, and to ensure that any naval presence was seen as “non-intrusive, cooperative and benign” by the three littoral states, Indonesia, Malaysia and Singapore.

Indonesia has been ambivalent about an Indian security role in the strait. In July 2005, an Indonesian Foreign Ministry spokesman publicly rebuffed Indian requests for a

security role, telling Indian Chief of Naval Staff Admiral Arun Prakesh that responsibility for safety in the Malacca Strait lay with Indonesia, Malaysia, and Singapore only. For Indonesia, any invitation to India to assist in security in the Malacca Strait would represent an important departure from Jakarta's position on sovereignty over the vital shipping lane. Nevertheless, the Indonesian military appears to take a generally benign view of an Indian maritime security role in and around the strait.

Any security role for India in the Malacca Strait would be a significant step for its foreign policy and sense of international prestige. Moreover, such a role would help legitimize India's claims to be a benign security provider to the region as a whole. Cooperation between the Indian and Indonesian navies would provide an opportunity for significant expansion of bilateral military relationships, and would also likely presage increased political cooperation in dealing with other regional security issues.

2.4.3.5 Economic Cooperation

Indonesia is the world's 13th largest economy measured by GDP on a purchasing power parity basis, and is on an upswing economically given its position as a major player in global energy, minerals and food. Relatively unscathed by the global financial crisis, Indonesia's economy one of the fastest in the world with a growth rate of around 6 per cent. What is more, its per capita GDP is projected to increase by almost 20 per cent in the next two years. Since 2009, Indonesia has had Asia's second-best-performing stock market. It now is a \$550 billion economy that is on an upward trajectory. Indonesia's weight in the international arena also increased with its membership of the G-20, which has been turned into the world's main council for economic cooperation replacing the elitist G-8 forum.

There is an upward trend in the economic relationship between India and Indonesia. For Indonesia, India represents a potential source of capital and a major market for Indonesian agricultural products. Nevertheless, trading links have been relatively slow to develop, and actual Indian investment in Indonesia to date has been minimal. Yet, this evolving economic relationship may have been given fresh impetus following the signing of the India-ASEAN free trade agreement in 2009. Bilateral trade, which topped \$21.5

billion in 2011-12 has gone slightly in the following years due to global recession. It was \$ 19 billion in 2014-15.

India and Indonesia established an India-Indonesia Joint Commission in 2003 to advance economic relations between both the countries. Apart from taking major decisions to promote bilateral economic and commercial relations in various fields, the JCM decided to constitute an “India-Indonesia Expert Working Group” with the specific mandate of reporting to the JCM with concrete recommendations for enhancing and diversifying bilateral trade, economic and investment relations.

Investments/Joint Ventures/Projects

There are over twenty major Indian manufacturing joint ventures in Indonesia with direct Indian participation or financed by overseas Indians. The bulk of these first phase investments were made in the 1970s and 80s. It was then estimated that the total Indian investment was around \$1.5 billion in assets in Indonesia and the output of these companies was between \$1 – 1.5 billion.

Recently, after the upturn in the Indonesian economy and the political change in the country, a new wave of Indian investment is flowing in and partnerships are budding in new sectors such as automotive, infrastructure, mining, banking, IT and tourism. The Reliance ADA Group plans to make a \$7.5 billion investment. They have acquired three coal concessions in South Sumatra and the Jambi province. Reliance also has an interest in the laying of a 230 km railway line from the mines to the port at Maura Sabak on the northern coast of Sumatra and in building a mine mouth coal fired supercritical power plant of 4000 MW capacity in South Sumatra.

The Adani Grup has signed a Head of Agreement with Bukit Asan, a state coal mining company for constructing and operating 200-km railway line and a port in suth Sumatra. The project is worth US \$1.6 billion. The Anil Ambani Group has acquired three coal mines and will construct a 233-km railway line and port in the Jambi and South Sumatra Provinces in South Sumatra. The Project is estimated at US\$ 2 billion. Indonesian

investment in India is rather low and it ranks 18th in FDI inflow to India. Indonesian companies have started bidding for infrastructure and energy related projects in India.

In order to further deepen economic engagement between the two countries, the Indian Embassy in Jakarta launched the India Business Forum (IBF) on 18 July 2012. The Forum brought together Indian CEOs, entrepreneurs and professionals in Indonesia for a concerted effort towards an enhanced economic engagement with Indonesia.

2.4.3.6 Culture as a Tool of Diplomacy

Yet another area that can promote India's soft power in Southeast Asia in general and Indonesia in particular, is its culture. Indian culture is an inseparable part of Indonesia as both cultures and values are closely related, bearing in mind the 2000 year history of the civilisational contacts between India and Indonesia. Dance in much of Southeast Asia also includes movement of the hands, as well as the feet to express emotion. The Apsara dance form, with its strong hand and feet movements, is a great example of a dance form embodying Hindu symbols. The arts and literature in Indonesia retain elements of the Hindu and Buddhist influence brought in centuries ago.

Signifying the ancient cultural relations India and Indonesia signed a Cultural Agreement as early as 1955, which has acted as the central guideline for bilateral cultural interaction. The cultural agreement has been updated regularly through the cultural exchange programme (CEP), which has facilitated inter-institutional linkages and collaborative programmes between the two countries. Much of the cultural activities are either sponsored or undertaken by the Indian Council for Cultural Relations (ICCR), which oversees India's cultural relations with other countries. India now has an active cultural exchange programme with Indonesia. The focal points for this exchange are the two Indian cultural centres established in Jakarta and Bali. The embassy of India organised a Festival of India in Indonesia in 2009 that included 48 performances in seven cities of Indonesia, a food festival, an art exhibition and a fashion show. A seminar was organized by ICCR in Jakarta and Yogyakarta in early October 2010 on India's historical and civilisational Links with Southeast Asia. In the year of the 150th birth anniversary of Rabindranath Tagore, who for the first time spoke about Asian identity and solidarity based on cultural and educational

exchanges, the Indian Cultural Centre in Indonesia organised a Tagore festival to disseminate the ideas of Asia's Renaissance man.

To sum up, Indonesia stands out as a natural partner for India. Not only do the two multi-ethnic Asian democracies have longstanding historical and cultural ties, Indonesia's geostrategic location on the Malacca and Sunda Straits further reinforces the benefits of closer engagement for India. New Delhi and Jakarta had a short-lived post-independence history of closer engagement brought about by cooperation in the Cold War-era Non-Aligned Movement, and reviving this existing engagement would reinforce the strategic evolution of India's Look East policy.

Indonesia has now become India's second largest bilateral trading partner in ASEAN, with a total value of more than \$US19 billion. The decision to hold annual summits between the two nations is indicative of growing strategic relationship between both the countries. Shared maritime security concerns in the Indo-Pacific will create scope to build on the previous commitment to enhanced defence ties between both the countries. As Hamid Ansari, the Vice-President of India, mentioned during his visit to Indonesia in November 2015, the Asia Pacific region and the world as a whole would benefit from having greater cooperation between India and Indonesia.

2.4.4 INDIA-VIETNAM RELATIONS

India-Vietnam are pushing to broaden their relations to encompass all possible areas of cooperation and deepen their strategic partnership building on exceptionally close ties since their foundations were laid more than 50 years ago. Vietnam is important in the promotion of India's political, economic and security interests in South-East Asia, and in turn, in the success of India's Look-East Policy. In recent times, political contacts have strengthened as reflected in several high-level visits by leaders from both sides. Trade and economic linkages continue to grow. This part of the lesson will explore India's relations with Vietnam and how significant these are for India's foreign policy.

2.4.4.1 Vietnam in India's Look-East Policy

Vietnam is important in the promotion of India's political, economic and security interests in South-East Asia, and in turn, in the success of our Look-East Policy. Vietnam is a potential regional power in South-East Asia with great political stability and a successful

economic performer with an annual growth rate of seven per cent. Vietnam's geo-strategic location, its demonstrated military prowess and its national will-power lends it a critical place in the strategic calculus of South-East Asia. Economically, Vietnam with its stress on economic liberalisation offers very attractive preferential prospects for Indian foreign direct investment (FDI). In terms of India's energy security, Vietnam's offshore oil deposit offers opportunities for exploration and eventual supply to India. On political and foreign policy issues Vietnam had been a consistent supporter of India, including our scheme for the reform of the United Nations and our recent bid for permanent membership in the Security Council. Apart from cooperation in the bilateral framework, the two countries have maintained close cooperation and mutual support at the regional and international fora such as the UN, NAM and other mechanisms in the ASEAN like the ARF, East Asia Summit and Mekong-Ganga Cooperation. In more concrete terms, India can play a vital role in the capacity building of Vietnam's military deterrence capabilities.

2.4.5 INDIA-VIETNAM: GROWING STRATEGIC RELATIONSHIP

India-Vietnam relations have been exceptionally friendly and cordial since their foundations were laid by Prime Minister Nehru and President Ho Chi Minh more than 50 years ago. The traditionally close and cordial relations have their historical roots in the common struggle for liberation from foreign rule and the national struggle for independence. Pandit Jawaharlal Nehru was one of the first visitors to Vietnam after its victory against the French at Dien Bien Phu in 1954. President Ho Chi Minh went to India in February 1958. President Rajendra Prasad visited Vietnam in 1959.

In contemporary period, the relationship between India and Vietnam has been remarkably cordial and over the years matured from warm friendship to comprehensive Strategic Partnership. This signifies the convergence of interests and views on bilateral and multilateral issues. The convergence is so high that four high-level visits have taken place within 12 months in 2014: Nguyen Phú Trọng, general secretary of the Communist Party of Vietnam visited to India; Sushma Swaraj, external affairs minister, and President Pranab Mukerjee, to Vietnam; and Nguyen Tan Dung, PM of Vietnam visited India. Fourteen agreements have been signed during the last two visits alone.

India's relations with Vietnam fall within the broader framework of India's Look East (now called as Act East) policy. The special focus of the LEP is on the ASEAN countries and a separate administrative unit, the CLMV (Cambodia, Laos, Myanmar and Vietnam) desk, in the Ministry of External Affairs of India, has been created signifying their importance for India. Among the CLMV countries, Vietnam has been India's long-time friend and Indian leadership perceives Vietnam as one of the most important countries for the LEP. Vietnam has endorsed India's bid for United Nations Security Council (UNSC) membership, and also supported India's candidature for the Asia-Pacific Economic Cooperation (APEC) membership, after its entry in APEC. Despite China's resistance, Vietnam supported India's membership to the EAS.

India's Look East or Act East policy complements Vietnam's natural inclination to look west, east and elsewhere in order to secure its national goals of security and development. Building close ties with ASEAN remains a central priority for India. Vietnam is one of the more critically important ASEAN member-states from the political perspective. Increased frequency in interaction at VVIP level is indicative of an established habit of mutual consultation.

Vietnamese and Indian Prime Ministers agreed to officially establish a strategic partnership between the two countries in New Delhi in July 6, 2007. The strategic partnership will support each country's durable growth and prosperity and work for the sake of peace, stability, co-operation and development in the Asia-Pacific and the world. To promote this new strategic partnership, the two leaders agreed to further bolster the two countries' political ties in addition to establishing a strategic dialogue mechanism at the level of Deputy Foreign Ministers.

In 2014 President Pranab Mukherjee visited Vietnam in September just before President Xi was to visit India. The seven agreements that were signed with Vietnamese counterpart Truong Tan Sang focused largely on deepening strategic partnership; the agreements covered such as political, defence and security cooperation, economic cooperation, science and technology, culture and people-to-people links, technical cooperation and multilateral and regional cooperation. Both leaders agreed that defence

and security cooperation was an important pillar of the strategic partnership between the two countries.

2.4.5.1 Defence Relations

Though first major MoU on defence cooperation between India and Vietnam was signed in September 1994, the formal framework of India-Vietnam defence security cooperation is based on defence cooperation signed by India's then Defence Minister George Fernandez on a visit to Vietnam in 2000. Joint naval and coast guard and naval exercises and regular dialogue at Defence Ministers' level were institutionalized then. The Protocol included the sale of military helicopters, equipments for the repair of Vietnam's MiG-21 aircraft and training programmes for Vietnam's military personnel and pilots. Since then, the two countries share a common prism on strategic matters such as defence and maritime security manifested through cooperation at multifarious levels.

The latest in the defence interactions between the two countries was the visit to Vietnam of Defence Minister A.K. Antony in 2007 when he announced at a meeting with his counterpart General Phung Quang Thanh that India will transfer 5000 items of naval spares belonging to the Petya class of ships to Vietnam. He also announced the deputation of a four-member team to impart training on UN peacekeeping operations in the first half of 2008. The two sides had agreed to set up a joint working group to facilitate the signing of a memorandum of understanding (MoU) on defence cooperation.

India, like Vietnam has been using Russian military platforms for decades and has therefore emerged as its key defence hardware partner in matters of training and spares. For instance, India has supplied spares for the Russian-origin warships and missile boats of the Vietnamese Navy. Vietnamese sailors are being trained in submarine warfare or 'underwater combat training' at the Navy's submarine school INS Satavahana in Visakhapatnam since October 2013. This includes training in submarine warfare doctrine and tactics. Indian naval ships have been regularly making port calls in Vietnam and showing their flag to indicate the right of passage and freedom of navigation in the international waters. In so far as Indian Air Force is concerned there are also plans to provide training for Vietnamese Air Force pilots for flying Sukhoi fighters. Capacity building of Vietnam

Armed Forces for improving the security environment is one of the major goals to be achieved.

The Seventh India-Vietnam Strategic Defence Dialogue held in September 2012 also demonstrates closer bilateral defence and strategic cooperation. During the visit of General Secretary Nguyen Phu Trong, India extended a US\$ 100 million Line of Credit (LoC) to Hanoi for the purchase of four offshore patrol vessels. Being maritime nations, India and Vietnam cooperate extensively to address non-traditional security threats and challenges including piracy and terrorism. Joint naval exercises and exchange of officials for defence training purposes has become a common feature of their engagement. For instance, on June 8, 2013, Indo-Vietnam bilateral joint naval exercise in the South China Sea was perceived by China as an attempt to undermine its sovereignty over uninhabited islands in the South China Sea.

Vietnamese Defence Minister General Phung Quang Thanh visited India from 23-26 May 2015 during which a five-year joint vision statement for the period 2015-2020 on defence cooperation and an MoU on cooperation between the coast guards of the two countries were signed. The areas of focus have been training, repairs and maintenance support, exchanges between think tanks, study tour and ship visits.

2.4.5.2 China Dimension

China is suspicious of India's growing partnership with Vietnam, not least because of its potential to draw India into the South China Sea. In October 2011, India's state-owned oil company ONGC Videsh Limited signed an agreement with Vietnam to expand and promote oil exploration in the South China Sea, and was issued with a demarche from China in November that same year. Despite China's protestations that the exploration of Blocks 127 and 128 is in violation of its sovereignty, ONGC Videsh went ahead with the projects. More recently, during Vietnamese Prime Minister Dung's visit to India in October 2014, ONGC Videsh and PetroVietnam signed a mutual cooperation agreement on the exploration of several South China Sea oil blocks.

The China dimension of India-Vietnam relations was clearest in President Mukherjee's visit to Hanoi. Mukherjee visited Vietnam just ahead of Xi Jinping's trip to India, at the same time that President Xi was visiting India's neighbours the Maldives and Sri Lanka, where a Chinese submarine was stationed at the time. Although not necessarily intentional, the timing of the visits sent a clear signal that India intends to build relations with China's neighbours in the same way China has done in the Indian Ocean. The joint communique from this visit reaffirmed India's regard for Vietnam "as an important pillar in its Look East Policy," and expressed Vietnam's support for both the policy and India's increasingly important role in regional and international forums. The joint communique also expressed support for freedom of navigation in the South China Sea.

2.4.5.3 Trade Relations

India's relations with Vietnam are marked by growing economic and commercial engagement. India is now among the top ten trading partners of Vietnam. Bilateral trade between India and Vietnam has seen continuous growth over the past few years. According to GOI data, trade volume crossed USD 8 bn in FY 2013-14, achieving the target of USD 7 bn by 2015 well in advance. Both sides have agreed on a new trade target of US\$ 15 bn by 2020. Five key items exported to India were mobile phones and components, machinery, computers & electronic hardware, natural rubber, chemicals and coffee. The biggest products imported from India were meat and fishery products, corn, steel pharmaceuticals, cotton and machinery.

Bilateral economic cooperation is, by and large, in the form of India's extension of loans and developmental aid to Vietnam. Till date, India has extended 17 LoCs to Vietnam totalling US\$ 164.5 million.

As far as investments are concerned, as of June 2013, India was ranked 30th out of 101 nations and territories investing in Vietnam. In investment, India has 93 projects in Vietnam with total investment of about US\$ 1 bn. Vietnam has three investment projects in India with total investment of US\$ 23.6 million. Several Indian companies in sectors as diverse as oil and gas, steel, minerals, tea, coffee, sugar and food processing have invested in Vietnam and most Indian investments are in the form of wholly foreign invested projects.

The major amount of India's investment in Vietnam is in the field of oil and gas exploration. In 2013, Tata Power was awarded a US\$ 1.8 billion thermal power project in Soc Trang Province, which is the largest Indian investment project in Vietnam till date. Indian companies are investing in energy, mineral exploration, agro-processing, sugar manufacturing, agro-chemicals, IT, and agricultural processing. The Bank of India is starting operations as a full-fledged branch in Ho Chi Minh City.

Understandably, during Sushma Swaraj's visit in 2014, economic cooperation was recognised as the second sector, which has an immense potential to boost Indo-Vietnam bilateral ties. The Foreign Minister called on the two countries to double and triple trade, conclude negotiations on a bilateral free trade agreement, and launch a direct air route in the near future. The Foreign Minister also conveyed the desire of Indian firms investing in large infrastructure projects of Vietnam and signing deals with Vietnam in the field of corn and rice production, and catfish breeding.

2.4.5.4 Energy Cooperation

While Indo-Vietnamese energy cooperation dates back to 1988, when India's Oil and Natural Gas Corporation (ONGC) received exploration rights for Block 06.1, ties became complicated in 2011 with China warning countries "outside the region" to stay away from the South China Sea.

Notably, not only did New Delhi ignore these warnings but also continued to hold on to Block 128 that China claimed to be lying in its territory and put out for global bidding in 2012. Vietnam instantaneously promised India that it would extend full security to the Indian oil companies operating in its exclusive economic zone in the South China Sea.

More recently, Hanoi reiterated its desire to retain an Indian presence in the region by declaring that Petro Vietnam (PVEP) would acquire 50% equity in Block 128. This reduces the risk quotient for ONGC, which until now had a 100% stake in the contested block.

Evidently, over the years both India and Vietnam have not only depicted a desire to foster energy ties but also the resolve to maintain them. In the backdrop of falling global

oil prices, a number of factors encourage further energy cooperation between the two countries.

First, one of the primary drivers of ONGC's explorations in the South China Sea is traced to its ambition of maintaining a presence in the region. Professor Harsh V Pant, of Kings College London, wrote, "If China can expand its presence in the Indian Ocean region, as New Delhi anticipates, India can also do the same in South China Sea waters."

Energy cooperation has not only emerged as a vital factor in ensuring Indian presence in the South China Sea, but is also diversifying. This was displayed by Vietnam's successful completion of the \$70 million upper deck of the Heera Redevelopment (HRD) process platform project for ONGC, recently. Notably, the completion of this deck will not only help India's Herra oilfield expand into the Arabian Sea but also marks the first instance when Vietnam's petroleum engineering and construction sector successfully manufactured an important part of an oilrig for a foreign partner.

Second, given the fact that India is energy deficient and Vietnam is an exporter of crude oil, there is enormous scope for both the countries to use the current situation for mutual advantage.

Third, while India is a net crude importer, it has surplus refining capacity and was identified as the second-largest refiner in Asia after China in 2013. Contrarily, Vietnam must import a majority of refined products to meet its domestic requirements. India's Reliance Industries is a global leader in this field and can help Vietnam. Furthermore, in the longer run, it would mutually benefit the two countries if they can materialize a favourable financial arrangement under which India imports Viet crude and exports petro products back to Vietnam.

Fourth, the Indian government has been encouraging national oil companies to pursue equity oil and gas opportunities overseas to increase supply security from imported crude oil. This will also shield the domestic energy sector from global price volatility.

Vietnam, in particular, has been a crucial ally in this regard. ONGC's annual report highlighted that in 2014, Vietnam was the second-biggest contributor to India's overseas

production volume accounting for 23% of its total production. Unsurprisingly, ONGC recently entered an agreement to take a stake in two new Vietnamese oil blocks.

Fifth, as developing economies both India and Vietnam have been seeking to lure more foreign direct investments into their oil sector. ONGC Videsh Limited (OVL) has so far invested approximately US\$ 360 million in the three acquired blocks of Vietnam.

2.4.5.5 Cooperation in Science, Technology and Education

India and Vietnam also signed many agreements on education, science and technology cooperation. As part of capacity building exercise India has set up the Vietnam-India Centre for English Language Training in Danang in July 2007 and the Vietnam-India Entrepreneurship Development Centre in Hanoi in May 2006 as part of its support to the Initiative for ASEAN Integration providing technical assistance to the Government of Vietnam. It has been decided to open a new Vietnam-India Centre for English Language Training at the Technical University in Nha Trang. There is also a proposal to set up a Centre for Excellence in Software Development and Training in Ho Chi Minh City. A proposal to set up a Centre for Satellite Tracking and Data Reception and an Imaging facility in Vietnam under ASEAN-India Cooperation mechanism is under consideration. The Centre will be fully funded by India and ISRO will be the implementing agency. It will utilise data provided by Indian remote sensing satellites and harness it for multiple developmental applications.

As part of the MoU on cultural exchange, a team of the Archaeological Survey of India is to undertake conservation work in Cham monuments in Vietnam. The memorandum between the Department of Atomic Energy and the Vietnam Ministry of Science and Technology focused cooperation in the training of Vietnamese manpower in India in nuclear and related fields, study and evaluation of uranium ore processing technology for Vietnamese uranium ores and Indian assistance to the activities of the India-Vietnam Nuclear Science Centre at Dalat in Vietnam.

2.4.5.6 Cooperation at Multilateral Forums

Vietnam and India have been coordinating their foreign and security policy approaches in various multilateral forums and especially so in ASEAN, ARF and EAS. With the nomination of Vietnam as a country coordinator for India in its engagement with the ASEAN from 2015 to 2018 salience of India in its multifaceted relationship with this organisation would continue to be on the upward path.

When PM Modi and his counterpart, the Prime Minister of Vietnam, Nguyen Xuan Phuc, met in Vietnam in September 2016, they upgraded the relationship to a 'Comprehensive Strategic Partnership' which signalled a serious and calculated push by India to strengthen ties with one of its most important partners in Southeast Asia. The leaders had agreed to increase the exchange of high-level and other visits, boost relations between political parties and legislative institutions of both sides and strengthen established bilateral cooperation mechanisms, along with effectively implementing the agreements signed between two countries.

On the defence front, India had helped train pilots of the Vietnam People's Air Force (VPAF) to fly Su-30 MK2Vs, and sailors to operate the Vietnamese People's Navy's (VPN's) Kilo-class submarines. India's Bharat Electronics Ltd (BEL), the lead integrator for the Akash Missile system, opened its first-ever representative office in Hanoi in June 2018. In January 2018, the Indian Army also hosted a Vietnam's People Army (VPA) unit in central India for the first-ever bilateral land warfare exercise between the armies of two countries.

To sum up, India-Vietnam partnership is undeniably one of the most robust Strategic Partnerships and the overall state of India-Vietnam relations is encouraging. A careful assessment of the latest India visit of General Secretary Nguyen Phu Trong reveals that India-Vietnam partnership is progressing and all the indicators such as request to purchase BrahMos missile and offering seven oil blocks to India indicate that Vietnam sees India as a reliable strategic partner in the world of uncertainties. Though both India and Vietnam have territorial disputes with China, their partnership does not aim to militarily counterbalance China. India and Vietnam's decision to work together on oil exploration shows their confidence and belief that such collaborative activities could be done without offending China. China also appears to be giving a measured response to it.

2.4.6 LET US SUM UP

India has been pursuing closer engagement with the Asia-Pacific for over two decades now. India has become member of many institutions flouted by countries of East and Southeast Asian countries. It is also developing closer bilateral relationship with many of the countries by deepening strategic and economic partnerships. Considering the strategic importance of Indonesia and Vietnam to its foreign policy, India has attempting cultivate good relations both the countries. A methodical and pragmatic study of India's relations with Indonesia and Vietnam confirms that convergent security and economic interests persuade the partners to work closely. India's close relations with these Southeast Asian countries help India to be a predominant benign power in the East Asian region. Strong ties with Indonesia and Vietnam also pave the path for India to play a much greater role in shaping the East Asian security architecture. A strong and robust partnership is important for realisation of India's strategic interests in the maritime domain.

2.4.7 EXERCISE

1. India's relations with Indonesia during the Cold War period filled with rivalry and coexistence. Comment.
2. Critically analyse current dimensions of strategic cooperation between India and Indonesia.
3. In the post-Cold War period, Vietnam emerged as most reliable ally in Southeast Asian region. Do you agree with this?
4. Write a note on India's oil exploration in Vietnam and reaction of China for the same.

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – III: WEST ASIA AND CENTRAL ASIA

3.1 INDIA'S POLICY TOWARDS WEST ASIA: CONTINUITY AND CHANGE

- Rajnish Saryal

STRUCTURE

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3.1.11 Exercise

3.1.0 OBJECTIVES

In this lesson you will study India's relations with the West Asian region and how the developments in that region are influencing the foreign policy priorities of India. After going through this lesson, you should be able to know:

- the historical background to India relations with countries of West Asia;
- the 'Arab Spring' and its impact on the political and security aspects of West Asian region;
- India's core interests in West Asia and how it is pursuing these interests;

3.1.1 INTRODUCTION

West Asia, stretching from Iran to Turkey, has loomed large for the Indian foreign policy makers irrespective of its politically turbulent nature. India has interacted with three civilizations to its West since antiquity – Persian, Arab and Turkish – and has maintained close ties with each. India's relations with the Arab and Islamic world, rooted in history and culture, have been enriched over the centuries by a prolific and mutually-beneficial exchange of goods, services, people and ideas. This long-standing contact imparts a unique character to India's relations with the region.

Since Independence in 1947, India has tried to build good relations with West Asia. Both India and West Asia are endowed with vast resources of varied nature which make the relationship highly desirable. India as an emerging Asian power, with a large population and economic potential, can play a vital role in the development of West Asia. On the other end of the spectrum, West Asia has the potential to meet the growing energy requirements of India. The bonds between India and West Asia have gone beyond oil and expatriates, encompassing almost all important dimensions of bilateral relationships.

Several important developments have taken place in India's relationship with the Gulf region since India adopted the "Look West policy" in 2005. While announcing the new policy, Prime Minister Manmohan Singh said that "the Gulf region, like South-East and South Asia, is part of our natural economic hinterland. We must pursue closer economic relations with all our neighbours in our wider Asian neighbourhood. India has successfully pursued a 'Look East' policy to come closer to the countries of South-East Asia. We must come closer to our western neighbours in the Gulf." He authorised the Commerce and External Affairs Ministries to begin negotiations with the Gulf Cooperation Council (GCC) to conclude a Free Trade Agreement (FTA), and also approved negotiations with all individual member countries of the GCC for a Comprehensive Economic Cooperation Agreement (CECA) covering the services and investment sectors.

India considers the Gulf region as part of its 'extended neighbourhood'. Several high level visits have taken place from India and the relationship has become stronger over the last few years. The relationship has been marked by the growth of trade and business, increased cooperation in the fields of security, regional and international affairs and improved political understanding.

West Asia is undergoing momentous political changes, which have created new challenges and opportunities for India's engagement in the region. The changes mark a new inflection point for India's West Asia policy. In this lesson, we will analyse the origin and trajectories of these shifts in order to assess their actual and potential impact on India.

3.1.2 HISTORICAL BACKGROUND

The political ties between India and the Arab world expanded significantly in the decades after India's Independence in 1947. With the end of colonialism, the independent countries of West and South Asia adopted a policy of non-alignment in a world sliding into the Cold War. Non-alignment brought a pan-Arab credo of liberty, unity and socialism into an acceptable international political framework without threatening the internal stability of the weak West Asian regimes that came to power in the post-colonial period.

India sees 'West Asia' as three distinct sub-regions – the Gulf, West Asia or the Mashreq and North Africa or the Maghreb, which it considers part of its proximate

neighbourhood. India no longer refers to the region as the 'Middle East', a Eurocentric term based on British naval strategy, adumbrated by the naval historian Alfred Thayer Mahan.

Since Independence, India has sought the "middle ground" on divisive issues related to West Asia. India's policy towards West Asia operates within a broad framework of maintaining equidistance in intra-regional conflicts and support to the Palestinian cause. Its economic corollary has been the development of economic, trade and investment ties, and of energy security.

At the 16th Summit of the Non-Aligned Movement (NAM) in Tehran in August 2012, Prime Minister Manmohan Singh said: "... [T]he progress, prosperity, well-being, political stability and plurality of the Asia to our West have always been of equal historical and civilizational significance for us. A West Asian region that can realise its full developmental potential, live in peace and harmony and join the comity of democratic and plural societies will contribute enormously to human progress and peace in the 21st century."

India has always believed that its relations with West Asia stood on its own, that its role did not compete with any of the great powers – and it did not, to a large extent. In the last decade though, this belief has been shaken. Issues like terrorism, money-laundering and the safety of oil lanes have imposed new imperatives.

In the wake of the Arab uprisings, the West is likely to lose its legitimacy in the West Asia, with more governments based on Islamic principles coming to power. India too will have to re-think its West Asia policy while navigating the destabilising aspects of the region.

While India's overall West Asia policy has emphasised friendship, peace and prosperity, its thrust towards each sub-region is nuanced on the basis of mutual interest. Decisions related to Israel and Palestine were amongst the first foreign policy positions a newly-independent India took, demonstrating the interplay of differing stances of the secular and Hindu theocratic streams in its domestic polity. India's policy towards West Asia reflects a similar interplay of these forces even today.

The cardinal elements of this policy include support for the Palestinian cause, a preference for secular and democratic regimes, security and stability in and of the Gulf, enhancing bilateral trade and investments based on comparative advantage, energy security, and people-to-people contact.

3.1.3 CHANGES IN INDIA'S FOREIGN POLICY

After the end of the Cold War, and with the onset of economic liberalisation, India was forced to recalibrate its West Asia policy. An important consequence was the diplomatic opening to Israel 45 years after India's Independence.

Another turning point came after the September 2001 attacks in the U.S. that gave some forms of global terrorism an Arab and Islamic identity. India's reiterations on the cross-border nature of terrorism, with Pakistan at its epicentre, are now conventional wisdom. India has since aimed to draw in the West Asian countries to jointly combat terrorism, and to project itself as a religiously neutral secular model – a country that is home to the second largest Muslim population in the world.

The Arab uprisings are the cause of the most recent change in direction in India's policy towards West Asia. As the world's largest democracy, India cannot but welcome these developments. At the same time, the certainties of the past decades have evaporated. India's position on the uprisings has appeared to be reactive, vacillating, transactional and primarily concerned with the internally-driven imperative to bring trapped Indian workers out of these troubled countries, to the exclusion of the larger picture these developments represent.

This image and India's primarily neutral stand has not done great disservice to India's policy parameters and core interests so far, such as security in and of the Gulf, energy supplies, jobs for Indian nationals and remittances. India's "hands-off" attitude since the outbreak of the Arab uprisings may have even helped.

3.1.4 ARAB SPRING AND INDIA'S POSITION

It was on 17 December 2010 that Tareq Bouazizi, a 27-year-old street vendor of fruits barely making a living to support his family in the small town of Sidi Bouzid in Tunisia,

attempted suicide by setting fire to himself. The primary provocation was that he was harassed and insulted by petty local officials. He died on 4 January 2011. That act of protest started a chain of cause and effect initially known as the Arab Spring, but more correctly can be called an Arab Tsunami, which swept off power autocrats in Tunisia, Egypt, Libya, and Yemen, all within thirteen months. Zine El Abidine Ben Ali of Tunisia was in power for 23 years; Hosni Mubarak of Egypt, 30 years; Muammar Gaddafi of Libya, 42 years; and Ali Abdullah Saleh of Yemen, 34 years. When each dictator fell, there was hope that the country might move towards democracy even if the route might prove to be long and difficult. That hope has proved to be a mirage, except in Tunisia.

To understand these developments fully we need to have an understanding about what happened and what did not happen. In Tunisia, the aspirations for democracy prevailed for two reasons. One, there was no 'Deep State' that wanted to grab power and prevent the emergence of democracy. Two, the Islamist Ennahda Party under the wise leadership of its founder Rashid Ghannouchi played a responsible role after emerging as the winner in the first post-Ben Ali election. The recent award of the Nobel Peace prize to the civil society quartet in Tunisia is an appropriate recognition of its political maturity and determination to pursue democracy.

Coming to Egypt, Mubarak abdicated on 14 February 2011 for two compelling reasons. One, the popular revolt against him was widespread and there was no way of putting it down unless the Army stood by the President and started killing hundreds. Even that might not have worked. The second reason was even more important. The Army 'invited' Mubarak to leave, primarily because it did not want Mubarak's son Gamal to succeed him. Since 1952, Egypt has been ruled by men in uniform and the Army, heading the Egyptian Deep State, was not going to accept a civilian President. In short, the 25 January Revolution of 2011 in Egypt was only half-a-revolution. The people and the Army wanted Mubarak out, but for different reasons.

The Muslim Brotherhood won the general election and the Presidential election. But, the Army held on to the levers of power. President Morsi tried hard, but rather clumsily, to recover power, and rapidly alienated a large section of the population. The

Army saw the opportunity, skilfully encouraged an anti-Morsi agitation and ‘kidnapped’ President Morsi on July 3, 2013 and toppled him, effectively reversing the 2011 revolution. Field Marshal El Sisi, elected President in June 2014, still enjoys popular support though he has hardly taken Egypt towards democracy. Egyptians do seem to prefer military-administered stability to democratic chaos.

In Libya, without the NATO military intervention, Gaddafi might not have fallen, or fallen when he fell (August 2011). With Gaddafi’s fall and his killing, Libya descended into chaos, mainly because he had destroyed all political institutions, and external powers coveting the oil wealth of the country added fuel to the fire of civil wars already raging. There are two Parliaments and two Governments in Libya and any number of armed groups. The United Nations has been arranging talks between the two governments, but it is too soon to say what is going to happen. NATO intervention was a big error of judgment and the people of Libya and the region are paying a high price for it. It seems that the Western political leadership has recognised the error.

In Yemen, Saleh tried hard to cling on to power, but finally and reluctantly, left office in February 2012. His deputy, Abd Rabbuh Mansur Hadi, was elected President and for a while Yemen moved towards democracy by adopting a new constitution. But Saleh was watching and sulking. The Houthis, a Shia group, were dissatisfied with the constitution and with Saleh’s support they started an armed revolt in 2015. President Hadi fled to Saudi Arabia. Riyadh decided to intervene militarily in Yemen with support from the rest of the GCC (except Oman) and the war is on though some UN-sponsored talks have taken place. The Saudis have accused Iran of instigating and supporting the Houthis, though without any convincing evidence. The two primary reasons for Yemen’s lack of progress towards democracy are the persisting hold of Saleh on the army and the higher bureaucracy as well as the failure of the political system to address the grievances of the Houthis in good time. Yemen remains de facto divided.

It is in Syria that the Arab Tsunami has done maximum damage. The death toll has exceeded 250,000 and almost half of the 22 million population is displaced. When protests occurred in early 2011, the Syrian government reacted with unnecessary violence. As we

all know, violence provokes counter-violence, and soon external powers added fuel to the fire by extending support to President Basher al Assad on the one hand and to his numerous opponents on the other. Assad's opponents are far from united and they seem to agree only in seeking the president's fall. But for the military support of Iran, its ally the Hezbollah, and Russia, Assad might have fallen. But he still has support from the people who do not see any alternative to him. The West made a serious error in insisting on his exit from power.

Syria is de facto divided into many parts. The Syrian government's writ runs over only one-third of the territory, though that is the more populated part of the country. The Kurds are virtually running their own territory. The Islamic State (IS) holds territory in Syria and Iraq, virtually abolishing the 1916 Sykes-Picot line. There are other fiefdoms too in Syria. Except for the Islamic State, the various rebels in Syria are supported by the US and its Western allies as well as by Saudi Arabia and its allies including Qatar and Turkey.

A number of conferences in Geneva, Vienna, New York, Moscow, Cairo, Riyadh and elsewhere have taken place, but so far to no avail. Given the seriousness of purpose on the part of the external powers, the political process can succeed.

The emergence of the Islamic State based on state violence at its extreme has caused much distress in the international community. The West and the rest of the world was shocked when the IS carried out an attack in Paris killing 130 on 13 November 2015. Earlier, it had placed a bomb in a Russian jet carrying tourists returning to Russia from Egypt, killing 224 people when the jet crashed in the Sinai. The threat of terrorist attacks from IS is serious.

However, it should be pointed out that the Islamic State would not have been as powerful as it is but for President Basher al Assad and President Obama. As the Islamic State was emerging, Assad did not try to put it down and did let it grow as he wanted to tell the West that his fall would result in the taking over of the country by violent extremists. Obama watched the growth of the Islamic State and decided to do nothing to stop its growth on the flawed assumption that at some point of time it can be used as a 'strategic

asset' against Assad. The US did nothing to prevent the fall of Mosul to the Islamic State. When the helpless Yazidis and Christians were killed and raped, the US watched doing nothing. It is only when IS fighters appeared to threaten Erbil, the capital of the Kurdistan state where the US has major strategic interests including oil, that the US started bombing Islamic State fighters. The bombing started on 9 August 2014. Eleven days later, James Wright Foley, a US citizen, was beheaded by the Islamic State. He was the first US citizen to be beheaded.

Until the West stops insisting on Assad's exit from power, there is no basis for cooperation between it on the one hand and Russia and Iran on the other for seeking a ceasefire and a political resolution to the Syrian situation. The Western position is shifting, but it is yet to realise that it has no power to unseat Assad. A broad based coalition against the IS is being attempted, but it is too soon to say how effective it will be.

What is the future of the IS? The loss of Ramada (29 December, 2015), which it had since May 2015, to Iraqi government forces is a serious setback to the IS. It was the combination of air attacks by the US and action by the ground troops of Iraq that defeated the IS in Ramada. The question is whether this formula can be replicated with a larger ground force in order to administer a decisive military defeat to the IS, say, in Mosul.

When the Arab Spring dawned in Tunisia, the GCC responded by using its money power to launch welfare schemes costing billions of dollars. It worked everywhere except in Bahrain. Finally, Saudi Arabia sent in troops to put down the protests when the regime in Bahrain appeared to be in danger of falling. The protests in Bahrain have lost their momentum for the present.

India has watched the Arab Spring scrupulously, avoiding taking sides but constantly arguing the case for a negotiated resolution of differences as there is no military solution. India does not believe that democracy is exportable. India has special interest in the political stability of the whole region and of the GCC in particular for obvious reasons. India successfully arranged for the repatriation of its nationals from Libya and Yemen.

Some experts of West Asia consider the IS as thereat to India as well. But, so far only a dozen or two young people have joined it and some have comeback disenchanted.

The cyber space recruitment has to be stopped and the Government of India is seized of the matter. There is no need for India to join any bombing campaign against the IS or otherwise get militarily involved in the region in turmoil.

3.1.4.1 India's Priorities

India faces several immediate and long-term challenges with regard to the uprisings in West Asia and the Gulf. These are:

- **First**, India's national interest stakes in relationships with individual Arab countries and sub regions vary very significantly. There cannot be one-size-fits-all reactions and India's policies must be country, region and issue specific. Reactions, cosmetically attractive in the context of events in distant countries but which convey ambivalent messages to countries which are important substantively, would be counterproductive.
- **Secondly**, the situation in West Asia is exceedingly fluid and uncertain. There are multiple players, both regional and non-regional, who are proactively involved. An indisputable fact is that whatever India says or does is not likely to influence outcomes on the ground. Therefore, in formulating policies India must be fully conscious of this reality and refrain from statements and actions which in the longer term could be prejudicial to national interest.
- **Thirdly**, the principle of non-intervention in internal affairs has always been sacrosanct for India. India would react strongly to outside comments on internal political matters. Reticence or so-called policy passivity in an unpredictably changing environment does not reflect an absence of decision making or an abdication of 'leadership'. India's policy makers should not be deterred by ideologically motivated domestic criticism about supposedly abandoning a so-called 'independent' foreign policy or criticism by foreign countries on this account.

3.1.5 WEST ASIA: INDIA'S CORE INTERESTS

As we understand that West Asia one of the most turbulent region in the world, it is always helpful to draw the priorities of foreign policy to avoid unwarranted developments

in relations with the countries of the region. The following section would examine the nature of India's core national interests in the West Asian region.

3.1.5.1 Energy security

Securing long term energy supply is of primary importance for India in the region. India is currently the fourth largest energy consuming country in the world and it may go up to third position in next couple of decades. India's annual GDP growth at the rate of eight per cent would require further industrial growth which would demand more energy supply for the country. Gulf countries are already the main crude suppliers to India with Saudi Arabia at the top supplying 14,049.15 million tonnes followed by Iran and the UAE at 10,193.27 and 5,448.84 million tonnes, respectively. The growing energy necessity has undoubtedly dictated India's initiative of building up a 'strategic energy partnership' with the region to secure long term energy supply for the country.

3.1.5.2 Indian Projects / Investments / Collaborations in the Region

India has huge investments in Egypt, Libya, Jordan, Saudi Arabia, Syria and the GCC countries, covering projects and joint ventures in petroleum and petro-chemicals, fertilisers, manufacturing and consumer goods, information technology and the financial services sectors. As of November 2012, India's investment in Egypt alone exceeded \$2.5 billion. India has investments in the power and petro-chemical sectors in Libya, a phosphoric acid manufacture facility in Tunisia and in the oil sector in Syria. The disruption of these economies due to the uprisings has threatened Indian investments and assets on the ground. These interests urgently need to be protected vis-a-vis the new political dispensations through heightened political contact at the government level and with emerging centres of power.

The Gulf remains a favourite trading partner for India and the trade figures have been consistently going up especially with countries like the UAE, Saudi Arabia and Iran. The UAE is India's foremost non-oil trading partner in the world with a total trade of 43,469.50 million dollars. Saudi Arabia is the fourth largest non-oil trading partner with a total trade of 21,004.57 million dollars. The Gulf countries look at India as a fast growing economy which holds the potential to compete with the major world economies. Realising

the trade potential of the Gulf countries, India has entered into a negotiation with the GCC to finalise a Free Trade Agreement. Both the sides have already met for four rounds of negotiations on the FTA.

Attracting Foreign Direct Investment from the cash rich Gulf region is also a priority for India. The Gulf countries have huge potential for investing in different sectors in India for mutual benefit. According to the Department of Industrial Policy and Promotion, from April 2000 to October 2010 the UAE was the top investor in India from the region with investments worth US\$ 1,815.29 million, followed by Oman which has invested US\$ 326.55 million. During the same period, Saudi Arabia invested US\$ 31.59 million, Bahrain US\$ 26.78 million, Kuwait US\$ 15.70 million and Qatar US\$ 1.13 million.¹⁰ India offers the foreign investors opportunities in various sectors such as infrastructure development, science and technology, information technology, biotechnology, healthcare, higher education etc.

3.1.5.3 Forging Strategic Ties

While the oil and energy trade dynamics define India's relationship with the Gulf countries, there is a growing realisation that it is time to move beyond the traditional buyer-seller relationship. India is looking forward to enhance strategic ties with the region. India needs to engage the Gulf countries to further its own influence in the region as well as the world. India has already discussed its intention of joining the United Nations Security Council (UNSC) as a permanent member with the Gulf countries. By forging ties in sectors other than energy and trade with the Gulf region, India is developing a warm relationship with the Muslim world. This would help in building up India's engagement with organisations like the Organisation of the Islamic Conference (OIC) and the Arab League.

3.1.5.4 Military cooperation

Particular attention has been paid on military cooperation to deal with common security threats. The growing threats of Islamic extremism, terrorism and maritime piracy have become concerns for both India and the Gulf countries. There is a growing concern over the rise of criminal activities, money laundering and illegal arms trade between the two regions. India has signed defence cooperation agreements with the UAE, Oman,

Qatar and Saudi Arabia. The defence agreements are aimed at providing military training, cooperation in military medical services, joint exercises, joint development and manufacture of sophisticated military hardware, cooperation in product support, services, defence science and technology etc. and jointly combating pollution caused by the military at sea.

The Indian Navy has been at the forefront of conducting military exercises with the Gulf region. The Indian Navy has conducted exercises with the navies of Kuwait, Oman, Bahrain, Saudi Arabia and UAE. Besides, the Indian Air Force has also come forward to conduct ariel exercises with their counterparts. In September 2008, India conducted its first joint air force exercise with the United Arab Emirates at the Al Dhafra base in Abu Dhabi. In October 2009 the Indian Air Force conducted a joint exercise with Oman codenamed 'Eastern Bridge' at the Royal Air Force of Oman (RAFO) base at Thumrait. The exercise, though ostensibly conceived to increase interoperability between the RAFO and the IAF, also served to underline the strategic reach of the Indian Air Force.

3.1.5.5 Fighting Piracy

The recent spurt in the piracy activities off the Gulf of Aden in the Indian Ocean has affected both India and the Gulf countries. For India, the security of the Indian Ocean is important as large number of oil tankers pass through these waters. Cooperation with the Gulf countries in fighting piracy would also strengthen India's presence in the strategic waters of the Indian Ocean. India has already deployed its naval ships to deter the pirates.

3.1.5.6 Strengthening Soft Power

India has emphasised on strengthening the soft power relationship with the countries of the region. There is a conscious effort on the part of India to bring back Indian cultural influence in the region which India enjoyed in the past. In recent years India has attempted to strengthen cultural ties with the Gulf countries by signing and renewing the existing cultural exchange programmes. India signed an Executive Programme for Cultural Cooperation for 2007-2010 in 2007. An Executive Programme for the Cultural and Information Exchanges between India and Kuwait was signed for the years 2009-2011 in April 2009. India signed an MoU on Cultural Cooperation with Oman in July 2010 for a period of five years.

Cooperation in the field of education is an emerging area of cooperation between India and the Gulf region. Under the Education Exchange Programme 2009-2011, signed between India and Kuwait, both the countries have agreed to exchange information on studies and researches in the fields of education and learning and exchange specialists in the fields of general education, adult education, special-needs education, and social and psychological services. An MoU on education was signed between India and Oman in December 2007 which encourages cooperation between the two countries through visits of academics, officials and students from universities and academic institutions, organising seminars, scientific programmes and training courses, and exchange of books scientific documents and library materials. India has also pledged to assist Saudi Arabia in setting up an ICT Centre of Excellence as well as institutes of higher learning, involving both education and research in the field of technology. India and Saudi Arabia signed a memorandum on higher education in the year 2006 which calls for exchange of teaching faculty and students, encourage direct scientific and educational communications among the institutions and exchange of delegations between the two countries.

3.1.5.7 Protecting interests of Diaspora

Protecting the interest of the five million strong Indian diaspora has been an important element of India's policy priorities in the Gulf. The Indian maids working in the households are in the most vulnerable situations as they are not covered under the local labour laws. India has taken up the issue with the governments of the region and has appealed for the safety and security of the Indian house maids in the region. India has signed labour agreements with the Gulf countries which call for protecting the workers from exploitation by the employers (like sexual harassment, physical abuse, holding the payment, overtime work without extra incentives etc.), checking the illegal and unauthorised recruiting agencies and unhealthy working and living conditions. The Indian diaspora in the Gulf is a major source of foreign currency. According to the World Bank report on the Remittances and Migration, India is the top remittance receiving country in the world with US\$ 55 billion of remittance in 2010-11. The Reserve Bank of India estimates that for the period of 2006-07 to 2009-10, the Gulf region accounted for an average of 27 per cent of the total remittance inflows to India. The UAE and Saudi Arabia are the major source countries for

the remittance. In the year 2008-09, the remittances from the Gulf reached US\$ 14,430 million constituting 30.7 per cent of the total remittances received during that financial year surpassing that of the North America.

3.1.5.8 Indian-Muslim Community

India's sizeable Muslim minority of close to 150 million has always had an impact on India's policy on West Asia, in part due to the imperatives of vote bank politics. Although the ease of travel for pilgrimage purposes to Iraq and Syria may be affected, it is the longer-term impact which is of greater significance.

So far India has remained largely immune from the mounting sectarian strife in the Arab world. But the heightened religious fervour that it has provoked within Islamic societies has engulfed those countries in sudden and periodic violence at signs of disrespect to Islam – as seen during the November 2012 protests in Libya and most of the Middle East against the U.S.-made film on the Prophet. The fallout was felt in India, with protests in Chennai and Kashmir. In the past too, there has been a similar backlash in India as witnessed during the protests against the Danish anti-Islamic cartoons in December 2007.

3.1.5.9 Fear of Rise of the Islamic Factor in Bilateral Relations

Over the last decade, the increasing economic enmeshing between India and countries of the West Asian region took the focus away from the Islamic dimension of the bilateral relationships. This meant that OIC resolutions on Kashmir and the Indian Muslim community were largely sidelined in bilateral interactions, and these countries have largely given up making demarches to India on Kashmir.

With Islamic-oriented governments coming to power, the Islamic factor may well underpin bilateral relations again. The addition of 'Jammu and Kashmir' to other "countries" with beleaguered Muslim communities in Special Report: Mecca Islamic Summit – Final Communique of the Extraordinary Summit of the OIC in Mecca in August 2012 illustrates the point.

3.1.6 INDIA'S WEST ASIA POLICY PARAMETERS

From a post-Independence position of looking at the region through an Islamic prism, Indian policy parameters have evolved over the last 60 years. From India's viewpoint relations with the region now fall into two broad categories:

- (a) With West Asia and North Africa, the thrust remains primarily political, based on India's status as a leader of the nonaligned world, and underlined by India's consistent support to the Palestinians. It was only from 1998 that the economic content of India's relations with Morocco, Algeria, Tunisia and Libya became more economically significant.
- (b) With the Gulf countries, the thrust is mainly economic, although negotiations on a Free Trade Agreement between the GCC and India, initiated in 2002, remain unfinished. India's economic success in the last decade was the driver of the change in India's overall relationship with the region.

Two parallel developments assisted India in this. India's growing relationship with the U.S., which made India attractive as a partner to others as well; and the growing tension in relations between the West and West Asia, which had a positive influence on West Asia's economic relations with India. The need to tie up viable economic and investment projects catering to the Indian market became their overriding concern. This goal has come out clearly in India's official bilateral interactions with Qatar, Saudi Arabia, Oman, Bahrain, the UAE and Kuwait.

India's policy toward the region has continued to be guided by these broad parameters. Although the desire to play a role in the resolution of the Arab-Israeli issue has been expressed at the highest level since Jawaharlal Nehru's days, India has neither assumed, nor been offered, any significant role in the Middle East Peace Process (MEPP).

India has opposed exclusivist religious ideologies and Islamic radicalism. It has kept a distance from the OIC in line with its decision to not be a part of religion-based organisations. India's formal participation as a representative of the second largest Muslim community in the world in OIC's founding Conference in Rabat in 1969 was aborted by the machinations of Pakistan, Morocco and Jordan. India continues to ignore the plethora of negative and one-sided OIC resolutions on Kashmir and on the Indian Muslim community.

But this has not affected India's good relations with the Arab and Islamic world. India's secular and democratic polity has been a source of reassurance in the Arab and Islamic world at a time of exacerbating religious and cultural differences amongst its diverse ethnicities and sects. This led Qatar in 2003, when the OIC was under strong internal and external pressure after 9/11, to propose, for the first time, that India be invited to join the OIC.

India's primary goal has been to safeguard the security of, and in, the Persian Gulf. In order to curb the growth of terrorism in the region, India has created an infrastructure of agreements that will enhance security cooperation with Saudi Arabia, the GCC countries, Iraq and Iran in a mutually-beneficial manner. This includes maritime security and agreements for mutual assistance in criminal matters, extradition treaties, and cooperation in counter-terrorism with all the Gulf countries.

It has also presumed close multilateral contact by sharing intelligence in combating terrorism and the linked nexus of arms smuggling, money laundering and drugs.

India's formal diplomatic relations with Israel, established in January 1992, have now acquired a depth and diversity that cannot be rolled back. India has emphasised that its support to the Palestinian cause does not diminish the growth of its relations with Israel. India has tried to posit these relations in the context of the security of its one billion citizens, making Israel the largest supplier of weapons to India. The success of the Iron Dome missile interceptor system against Hamas in November 2012 has demonstrated the efficacy of the advanced systems available from Israel. This could be of interest to India in future in the context of Pakistan's relentless hostility. India's experience has shown that despite the high costs of weapons systems, Israel has been a reliable partner. India has been reticent, but not defensive, in expanding relations with Israel, especially since the bilateral relationship has domestic political consensus.

Using the weight of its historical relations and its continuing economic success, India has tried to leverage its growing market and talent pool of professionals and skilled workers, to access the natural and financial resources of the West Asian region. With the Gulf countries, the strategy has been to harness their respective "asymmetric

complementarities” vis-à-vis India. With countries like Iran, Egypt, Libya, Tunisia, Morocco and Syria, the approach has been to make available Indian know-how and expertise (and occasionally investments) to exploit their natural and petrochemical resources.

India’s international stature now significantly depends on the increasing recognition by the Gulf and West Asian region of India as a proximate rising Asian economic power able to harness the region’s natural and financial resources.

3.1.7 INDIAN PERSPECTIVES ON THE CHANGES IN WEST ASIA

In the context of India’s historical emphasis on secular governance, Indian experts and scholars have been pondering the implications of the transformations in West Asia on India’s relations with the region. Kanwal Sibal, former foreign secretary of India, writes, “India cannot be comfortable with the replacement of authoritarian secular-minded regimes in West Asia by Islamist regimes backed by highly conservative authoritarian Gulf monarchies.”

The support given to the transformations by GCC monarchies has been an important factor in exacerbating the sectarian divide. Sibal explains: “This changes the balance in the region between more open and more conservative political and social thinking. The impact of this will be felt closer to our borders where Pakistan is already lurching towards greater radicalism and the Taliban are likely to be accommodated in Afghanistan.” Pakistan’s role in transmitting radical and sectarian ideology to India – “the rancid sectarianism of the Arab East” – as Fouad Ajami of the Hoover Institution calls it – is a constant threat.

These observations speak of the ways in which India can engage with the new governments without compromising its core principles of secularism, democracy and non-alignment.

S.Nihal Singh, senior Indian journalist and foreign policy expert, writes in the journal *New Age of Islam* in December 2011: “There can be no doubt that the future shape of the Arab world will be more Islamist-oriented... [B]ut each country will find its own mix and there seems little stomach for the extremist varieties of dispensations.” This

conclusion seems to be based on the relatively moderate profile projected by the Muslim Brotherhood.

Carrying the thought further, Raja Mohan, veteran foreign policy analyst, writes in the Indian Express in July 2012, “India will have to approach the Middle East on the basis of its own internal dynamics rather than a preconceived idea of preferences.” This is an exhortation to reconsider India’s traditional policy of giving preference to secular regimes.

On the whole, the Indian press and public discussions focus on stability in the region in the context of India’s growing regional and international role and its interests in the region, which are closely tied with the Gulf, Iran and Iraq.

Expressing disappointment at India’s inability to leverage its tenure in the U.N. Security Council to oppose political or military intervention in Arab countries in the throes of political upheaval, S. Nihal Singh writes that India should move beyond timidity in the international arena. In a similar vein, Raja Mohan says, “With a relentless focus on India’s interests, Delhi must find ways to contribute to the emergence of a stable regional balance of power over the longer term.”

Neelam Deo, Director of Gateway House, says that it is in India’s interests to articulate a clear line because “for India to shrug off our long-standing non-aligned, independent foreign policy would promote neither our own interests, nor peace in our wider region. It would only silence a different and important perspective in international debate.”

Our existing regional interests will not be jeopardised though. Taking an overview, Kanwal Sibal adds, “Our relations with the Gulf monarchies involving manpower, trade, energy and remittances will continue for reasons of mutuality of interest.”

Indian policy will have to address these imperatives with regard to the entire region and not only to the Gulf. It remains to be seen if such a policy will transcend or minimise the Islamic factor in multilateral relations with West Asia. India’s positions on the upheavals in Egypt, Syria, Libya and Bahrain, illustrate the limitations of India’s policy and strengthens the conviction that it will have to be tailored separately to each situation.

3.1.8 INDIA'S PROGRESS IN WEST ASIA

India's efforts to build cooperation with countries in West Asia on matters related to security have been moderately successful. In the last decade, the tenor of India's relations with the countries of the region improved, though the security issue in the Gulf became more complicated. The spawning of terror outfits, which got inspiration, sanctuary and funds from the region, became a matter of major concern as the number and intensity of terror attacks in India increased.

Nevertheless, with each of the countries in the region, India continued to have a positive relationship and they appeared to be disinclined to flog the Kashmir issue. Two additional factors helped: one, India and the Arab League embarked on a regular dialogue, which helped to clear the air on misperceptions and misrepresentations of India's social, internal and foreign policy relations with Israel and related issues; two, the move by some OIC countries to take a more positive view of India and the success of its secular modelled Saudi Arabia's King Abdullah Bin Abdul Aziz to formally propose in 2006 "observer status" for India in the OIC, ruffling the placid waters of an organisation which has primarily moved to Saudi signals.

This was helped by the OIC's fixation on making itself more relevant against the western onslaught after repeated Al-Qaeda terror attacks, prompting it to curtail its Pakistan-inspired India baiting actions. There was also a realisation in the region that regimes that promote greater prosperity and participatory governance are needed more than political creed and religious dogma.

India's initiatives in the region were bilateral, aimed at enhancing energy security and the security of its borders. India has aimed to develop a framework for security cooperation, particularly with the GCC countries. In the past, such efforts foundered due to the Pakistan factor

– the lens through which these countries viewed India. But 11 September 2001 changed these circumstances, enabling Mutual Legal Assistance Treaties to be put in place for criminal and civil matters, and extradition and understanding on deportation of wanted criminals and terrorists to India.

The success of these initiatives was demonstrated by the deportation from the UAE in 2002 of Aftab Ansari, an accused in the attack on the American Centre in Kolkata in January 2001, and the extradition by Saudi Arabia in 2012 of Abu Jundal of the Lashkar-e-Toiba, implicated in the Mumbai terror attack of 26 November 2008. The close contact between Indian security and intelligence agencies and their counterparts in the Gulf to combat groups involved in terror, arms smuggling, money laundering and drugs has been largely successful.

In the last decade, India has used its proximity to the Gulf and West Asia to build a high level of two-way exchanges in trade, investments, and financial and information technology services. The Gulf countries have realised that their hydrocarbon resources need stable markets, and this has boosted India-GCC inward investment and resource-based projects. Syria, Jordan, Morocco and others have followed in the steps of the Gulf countries. This is apart from the tremendous contribution that Indian labourers and professionals are making to the GCC economies.

According to the Ministry of Commerce and Industry, India's imports in 2010-2011 from West Asia (excluding the GCC) were valued at \$24.80 billion, from the GCC at \$74.91 billion and \$5.89 billion from North Africa. During the same period, India's exports were \$7.75 billion to West Asia (excluding the GCC), \$42.47 billion to GCC countries and \$3.98 billion to North Africa.

Maximising these exchanges will provide the ballast for closer and more balanced relations, which will help to transcend the salience of the Islamic factor.

3.1.9 LATEST DEVELOPMENTS

In the past, India has managed a successful balancing act in a divided and diverse West Asia. Now, the restructuring of West Asia's geopolitical landscape has allowed India to engage with West Asian states with even less political manoeuvring. Through a strictly business attitude, India has pursued its most favourable economic opportunities without the burden of managing political ramifications.

There are two ways that India has been engaging with the region in terms of geopolitical strategy. The first, it has been making allies and collaborating economically with countries to safeguard its energy security. At the second level, it has been engaging selectively in socio-political contacts. As one of the largest diaspora population in the region, it is one of the largest targets for India's practice of soft-power diplomacy.

India's soft power is clearly visible in terms of culture, language, skills, Bollywood, food, yoga, its democratic character, neutrality, and non-interference, international law and multilateral diplomacy to name a few. Similarly, the diaspora too adopts various means to influence the government of the homeland and host countries. During the recent time, the reliance on soft power diplomacy as a foreign policy tool has been incorporated by Prime Minister Mr. Narendra Modi.

Currently, there are four centres of power in West Asia - Turkey, Iran, Saudi Arabia and Israel. The three Muslim majority states, among the four, are suspicious of each other and are competing for leadership of the Islamic world. The Gulf monarchies have difficult relationships with both Iran and Turkey. While Iran is an immediate threat, Turkey's support of Islamic radicals is also a long-term problem, which needs to be addressed.

India has vital interests in Iran. New Delhi seeks to maintain good ties with the Shia state which borders Pakistan on the West. India has also invested heavily in the Chabahar port in Iran and expects the country to provide access to Afghanistan, Central Asia, Caucasus and beyond, through the proposed International North South Transport Corridor (INSTC). Therefore, it wouldn't be prudent for New Delhi to take a harsher stance on Iran than it is already doing currently, due to American pressure.

In 2017, India and the UAE signed a Comprehensive Security Partnership that encompasses areas of cooperation hitherto uncharted. In this effort the United State and other external power dynamic and their presence in the region will also need to be taken into account because they could adversely impact India's security. Similarly, the fallout of intra-regional conflicts will also impact India's choices, and consequently its national interest.

The aim of this cooperation is to increased investment of UAE in India to the tune of \$75 billion in next few years.

Likewise, the maiden State visit of Saudi Crown Prince Mohammad bin Salman (February 19-20, 2019) yielded the commitments of over \$100bn in India's flagship initiatives and energy security projects.

The most significant moment in India-West Asia relations was happened in in March 2019 when India's External Affairs Minister Sushma Swaraj was invited to be the "Guest of Honour" at the 46th Council of Foreign Ministers of the Organisation of Islamic Cooperation (OIC) preceded by the maiden State visit of Crown Prince Mohammad bin Salman of Saudi Arabia to India. This was exceptional as the Indian Foreign Minister met the Saudi counterpart three times in a fortnight. The UAE invited the "friendly country of India as the guest of honour in view of its great global political stature as well as its time-honoured and deeply rooted cultural and historical legacy, and its important Islamic component".

But after the Indian aerial strikes at JeM terrorist training and recruiting camps at Balakot, Pakistani Foreign Minister, Shah Mehmood Qureshi protested to the hosts and told his UAE counterpart that unless the invitation to India's External Foreign Minister was withdrawn, he will not attend. But the UAE and the OIC were firm, and received Mrs Swaraj with full honours. In the end, Pakistan's Foreign Minister boycotted the OIC ministerial. This development showed a paradigm shift in the way the member countries of the OIC looked at India even though they did refer to the old issues.

To summarise, India has followed a policy of nurturing bilateral ties with all the countries in the region without getting entangled into their ideological or sectarian fault lines. This is the key success of India's foreign policy as the country can't afford to be drawn into their ongoing conflicts. Meanwhile India must continue to nurture bilateral exchanges and multilateral engagements. However, we need to continue to work on finding the right balance that will serve our national and strategic interests better.

3.1.10 LET US SUM-UP

India shares deep historical, cultural and civilizational links with West Asia. In the second half of 20th century, these ties were further reinforced as the two emerged from their colonial past and started weaving new realities, building new bridges of understanding and synergies to deal with the common developmental problem and new challenges of 21st century. For India, West Asia is part of its extended neighbourhood and as such continued peace and stability in the region is in its strategic interest.

West Asia is home to more than 7 million Indians who contribute around US\$ 40 billion in remittances annually. India's economic and commercial engagement with the region is around US\$ 186 billion per annum, making it the largest trading regional block. The region is a source for more than 60 per cent of India's oil and gas requirement, critical for its energy security. The sizable Sovereign Wealth Funds of Gulf countries can offer significant platform for operations of Indian companies, particularly in infrastructure, important for our socio-economic development and other national initiatives like 'Make in India' 'Digital India' 'Smart Cities', etc. There is an increased air connectivity and tourism prospects between the two sides. Industry figure illustrate that there are 700 flights a week between India and UAE. India has also been participating in important UN Peace Keeping Missions in the region especially in Lebanon, Syria and South Sudan.

Hence, it is not surprising that India attaches high priority to its political, economic, and security relations with the countries of the West Asia region. India's bilateral relations with the countries in West Asia are poised to grow, given the enormous potential on both sides. However, the broader context, civil wars, terrorism and instability, in which India seeks to pursue its vital interests in West Asia is fraught and unpredictable making its task so much more challenging and daunting.

3.1.11 EXERCISE

1. Analyse historical evolution of India's foreign policy towards West Asia.
2. Critically review the 'Arab Spring' and its impact on West Asian region.
3. Trace broadly India's priorities in West Asian region.

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – III: WEST ASIA AND CENTRAL ASIA

3.2 INDO-IRAN RELATIONS: TRENDS, PROBLEMS AND PROSPECTS

– Rajnish Saryal

STRUCTURE

3.2.0 Objectives

3.2.1 Introduction

3.2.2 Iran's Strategic Importance for India

3.2.3 Phases of Indo-Iranian Relations: Key Drivers and Limitations

3.2.3.1 1947-1989: Relations Tethered to Cold War Alignments

3.2.3.2 1990-2011: The Soviet Union's Demise Opens New Opportunities

3.2.3.3 September 11, 2011 to Present: Prospects and Problems

3.2.4 Economic Relations

3.2.5 Indo-Iranian Relations: Constraints

3.2.6 Indo-Iranian Relations: Future Prospects

3.2.7 Let Us Sum Up

3.2.8 Exercise

3.2.0 OBJECTIVES

The present lesson analyses India's relations with its neighbour Iran and how Iran's geopolitical locations serves India's strategic interests. After going through this lesson, you should be able to know:

- The civilisational and cultural ties between India and Iran;
- The strategic importance of Iran to India's foreign policy;
- Three distinct phases in Indo-Iranian relations; and
- The prospects and constraints for India's relations with Iran.

3.2.1 INTRODUCTION

India and Iran, as a part of the Indus Valley civilization, have been interacting, since prehistoric times as neighbouring civilisations. India and Iran have enjoyed strong ties since the pre-Aryan civilizations to Persian era and Mughal dynasty. Historians claim that Indo-Iranians belong to a single family and lived together for many centuries in the pasture land of Central Asia that is known as Oxus valley. The Indo-Iranian relationship was given concrete foundation during the period of Mughal rule over India. Mughal rulers not only invited the Iranian architects to India but also the educationalists of that times who translated important books related to medicine, poetry and religion from Persian language to Hindi language. There was a continuous free movement of traders, architects, poets and educationalists.

These historical relations between Iran and Indian subcontinent have been profound, particularly in the realm of culture, economy and politics. The heritage of over a millennium of relationship can be seen in architecture, art, colloquial, official language and culture on both sides. Historically, the entire South Asian region has been deeply influenced by Iranian culture. Centuries of cultural interactions have made the presence of Iranian art and architecture omnipresent across the length and breadth of South Asia. In India, cities like Lucknow and Hyderabad have emerged as the citadel of Iranian culture. Accordingly, a significant section of the population identifies itself with Iran and has a close cultural affinity

with it. For five centuries prior to the British rule, the Persian language was the second language in most of South Asia. It became the language of the elite in many princely states and the medium for higher education. The Urdu language, which is the official language of Pakistan and is spoken widely across India and other countries in South Asia, is written in the Persian script and is deeply influenced by the Persian language. There are similarities between the oldest Indian scriptures, the *Vedas*, and the Iranian *Avesta*. With the advent of British supremacy on the Indian subcontinent in the 18th century, Indo-Iranian interactions started to dwindle; they revived only after India's independence in 1947.

However, despite sharing civilisational affinities to an exceptional degree, the vagaries of international politics made it difficult for India and Iran to share a close bilateral relationship during the Cold War. Whereas Soviet threat drove Iran into a close strategic relationship with the United States, India's foreign policy was guided by "non-alignment". The bipolar structure of the international system became the ultimate arbiter of bilateral relations between India and Iran during the larger period of the Cold War. But a number of factors have led to the convergence in Indo-Iranian interests in the post-Cold War period such as the unipolar nature of the current international system, India's need to counter Pakistan's influence in the Islamic world, rise of Taliban in Afghanistan, the increasing geo-political importance of Central Asia and the need to strengthen economic and commercial ties.

In this backdrop, the Indo-Iranian relationship can be analyzed by examining the subjects that lie at the core of the relationship.

3.2.2 IRAN'S STRATEGIC IMPORTANCE FOR INDIA

In many ways relations with Iran are strategically important for India. Iran is not only India's gateway to West Asia but also to Afghanistan and Central Asia. Apart from this, the culturally and intellectually strong Iran is a sort of hope in otherwise unstable, unpredictable West Asia. The following points emphasise how important Iran is for India's foreign policy.

1. For India, Iran's strategic location makes it a viable transit point to Afghanistan and Central Asia. Iran is at the crossroads of some important international

transportation corridors, such as the North-South corridor, the East-West corridor (old Silk Road), the Transport Corridor Europe-Caucasus-Asia (TRACECA) programme, the Asia Land Transportation Infrastructure Development (ALTID), and South Asia. Both countries have been working on completing these projects to realise Iran's transit potential.

2. India's indifferent relations with China and Pakistan mean that Iran provides the only access to the untapped markets of Afghanistan and Central Asia for Indian goods, as well as India's only option for tapping the vast untapped energy and other mineral resources of the region.
3. India and Iran share common interests on geo-political stability of the region such as Central Asia, Indian Ocean and Persian Gulf regions. They are concerned about the over presence of the super powers in these regions particularly U.S and its allies. To India and Iran, Central Asian Region is a crucial factor to run together their strategic relations. In post-Cold War period, Central Asia emerged as an important geo-strategic region which is loaded with natural resources of oil and gas. This region has attracted the attention of many countries like U.S. and China. India and Iran have unlimited interests in Central Asia to utilize the opportunities and to prevent the threats. They are highly focused on the free access of Central Asian region and to expand strategic tie-ups with regional countries such as Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. Tehran and New Delhi are more concerned about the security and stability of Central Asian region as the rate of drug trafficking, smuggling, exports of terrorism and other organized crimes of regional countries are increasing. The interest of India in Central Asian region is connected with Iran because it is the only link to the region, if Pakistan gets adverse with India.
4. India also views Iran as an influential Islamic state that can effectively counter Pakistan's anti-India propaganda in the Islamic world. Given Iran's strained relations with the West, India is seen by Iran as an important partner and a possible conduit to the West. Iran views India as a nation that can be helpful in fostering a

dialogue between civilizations which President Khatami has been aggressively promoting for the last few years, in response to the ‘clash of civilizations’ thesis emanating from the West. India also has the largest number of Shia Muslims in the world after Iran, and both states are concerned about the festering Shia-Sunni strife in Pakistan.

3.2.3 PHASES OF INDO-IRANIAN RELATIONS: KEY DRIVERS AND LIMITATIONS

India and Iran relations can be analysed by imposing a framework that examines their engagements in three distinct phases. The first phase begins in 1947 with India’s independence and extends to 1989 with the collapse of the Soviet Union and the conclusion of the Cold War. The second phase broadly covers the period of 1990-2001. This phase is bound by the beginnings of a new world order born in the detritus of the Cold War and by the terrorist attacks on the United States of September 2001. The third phase is the contemporary post-9/11 period.

3.2.3.1 1947-1989: Relations Tethered To Cold War Alignments

In March of 1947, the Iranian delegate to the “Asian Relations Conference” in New Delhi extended Iran’s friendship and amity to the newly independent India. At the time, cooperation was logical as both states were stepping out of various entanglements with imperialism and occupation. But the friendship soon grew complicated. Iran and India found themselves enmeshed in the complex web of international relations of the Cold War. Iranian monarch Mohammad Reza Shah saw communism as a threat to both the integrity of the Iranian state and the Shah’s regime. The Shah’s concerns were exacerbated by the activities of Iran’s influential communist Tudeh party. In response, the Shah pursued a policy of brutal oppression against the Tudeh party, brought Iran into alignment with the West and, in 1955, entered into the Baghdad Pact with Iraq, Turkey, the United Kingdom and Pakistan. Prime Minister Nehru denounced the Baghdad Pact (CENTO) as a dangerous approach to international relations and led India into the Non-Aligned Movement. While India claimed that it was unaligned to either power bloc, it in fact developed very close ties with the Soviet Union, which became a major military supplier. The India-Iran relationship

was further complicated by improved relationships between Iran and Pakistan when the two countries joined the Baghdad Pact, albeit for different reasons. Iran joined the Baghdad Pact because of genuine commitment to the pact's security principles, while Pakistan chose participation in Baghdad Pact principally to obtain military support and resources to fortify it against its fast emerging nemesis: India. Although the Baghdad Pact brought Iran and Pakistan closer, Iran was very amicable towards the fledgling state of Pakistan even early on. Iran was the first nation to recognize Pakistan and established formal diplomatic relations in May 1948. One year later, the Shah visited Pakistan, at which time he and Prime Minister Liaquat Ali Khan penned a Treaty of Friendship. In contrast to the alacrity with which Tehran acknowledged Pakistan, formal diplomatic relations between Iran and India were formalized only in March of 1950. However, within one year, Iranian Prime Minister Mohammed Mossadeq nationalized the Anglo-Iranian Oil Company (AIOC). Oil nationalization had become a serious issue: Iranians were increasingly vexed at the indifference of the British towards this growing Iranian concern and the yawning disparity in oil revenues shared by the Iranian and British governments from the exploitation of Iranian oil. India was ambivalent about the issue and perhaps leaned towards the side of the British. Nehru remarked that "The Iranian government has taken up a very strong and unbending attitude and perhaps it may be criticized to some extent."

Throughout much of the 1960s, India and Iran drew closer. This was in part due to the détente between the superpowers and the different regional priorities of the United States, which de-emphasized the significance of Iran. Iran, disenchanted with the contingent nature of such external support, began looking for alternatives to the United States. In its quest, Tehran sought to normalize its relations with the Soviet Union. The 1970s was also a period of growth in the Indo-Iranian relationship, despite a bumpy start when Iran sided with Pakistan in the 1971 Indo-Pakistani war. While Iran formally supported Pakistan, Tehran declined to take a hard line against New Delhi and rebuffed Islamabad's efforts to activate reciprocal defence obligations under CENTO. In the aftermath of the 1973 Arab-Israeli war and the surge in oil revenues, Iran's coffers had expanded and Iran felt well positioned to pursue joint development projects with other countries. India, having emerged as the decisive winner in the 1971 Indo-Pakistani war, was perceived by Iran to be a major regional power. It was in the mutual interest of both to pursue strong political links

with each other. Both states were careful to avoid any entanglement in each other's defence commitments and priorities and were steadfast in their efforts to keep differences of opinion over such matters from derailing their mutual economic and development objectives. During the 1970s, there were also numerous high level visits between India and Iran. Indian Prime Ministers Indira Gandhi and Morarji Desai visited Iran in 1974 and 1977 respectively. In February 1978, the Shah of Iran visited India. Both sides held very similar views on a number of major international issues, such as disarmament, the ongoing security problems in the Middle East, and keeping the Indian Ocean free of aggression and outside interference.

The 1979 Islamic Revolution in Iran was initially seen in India as an assertion of national identity and independence from superpower rivalry. However, this favourable view was not sustained as once again bilateral relations waned in importance. The new regime in Tehran quickly became embroiled in a long, bloody war with Iraq. Iran also became keen to export its Islamic revolutionary zeal and pursued positions towards Kashmir that discomfited New Delhi. Despite India's displeasure with Iran's Kashmir stance, India did not vociferously rebuffed Tehran. India believed that realists within the Islamic Republic sought to maintain robust economic ties with India despite differences of opinion. The 1979 Soviet invasion of Afghanistan was yet another sticking point. Iran vehemently opposed the conflict on its northern frontier and found Indira Gandhi's "behind the scenes" opposition to Moscow to be too subtle. Despite these numerous challenges and significant sources of political difference, both Iran and India continued to cooperate economically throughout the 1980s.

3.2.3.2 1990-2001: The Soviet Union's Demise Opens New Opportunities

The collapse of the Soviet Union and the conclusion of the Cold War presented India and Iran with a number of challenges as well as opportunities. Both countries faced uncertainty as to what would be the fate of its robust and long-standing arms supply relationship with the former Soviet Union. Moreover, in the wake of the Cold War, India and Iran grew unsettled when the United States emerged as the global hegemon. As the Soviet Union crumbled, chaos ensued in Central Asia, disconcerting both Iran and India for a number of reasons. First, the new states that emerged from the detritus of the Soviet

Union were politically unstable and ill at ease with their neighbours. Iran was uncomfortable of becoming entangled in their disagreements and the ever-present possibility that any emerging ethnic conflict in Central Asia could spill into Iran and embolden any fragmenting tendencies among Iran's diverse ethnic minorities. India shared Iran's interest in a stable Central Asia. The Central Asian region had long been a captive market for Indian goods exported to the Soviet Union. Iran became the only viable corridor through which India could access the natural resources and economic opportunities of Central Asia and Afghanistan. Iran and India's vexation with the emergent problems in Central Asia were further exacerbated with the upsurge in Sunni Islamic extremist movements that fanned throughout South Asia and Central Asia in the early and mid-1990s. India has the largest number of Shia Muslims in the world after Iran and both states are concerned about festering Shia-Sunni strife in Pakistan. Though Pakistan is not seen as an adversary of Iran even then, the Sunni fundamentalism of jihadi considers the 20 per cent Shia population of Pakistan as apostates. This is the same variant of Islamic fundamentalism that supports and sends jihadi terrorists to India.

The consolidation of power by the Taliban (backed and nurtured by Pakistan) was a major source of mutual anxiety for New Delhi and Tehran. Both India and Iran believed that Pakistan's control of Afghanistan via the fundamentalist Taliban regime was not in the strategic interest of either state and was a threat to the regional stability of the entire region. As opposed to Pakistan that promptly recognised the Taliban regime, India and Iran did not establish diplomatic contacts with the Taliban. In this regard, both Tehran and New Delhi converged in their interests in checking cross-border terrorism as well as the spread of narcotics from Afghanistan. India and Iran together with Russia were the main supporters of the anti-Taliban Northern Alliance that route the hard-line Islamic regime in Afghanistan with the US help in 2001.

Thus, the Cold War's conclusion brought to both states a number of challenges. However, it also presented both states newfound opportunities. Central Asia became an open field where both states could project their equities and jockey for influence in the area. Russia, India and Iran engaged in a number of joint ventures to build infrastructure in support of moving goods between India and Russia, via Iran and/or Afghanistan. India

sought to establish robust relationships with Iran and the states of Central Asia at least in part to strategically out manoeuvre Pakistan. The convergence of interests with Iran presented New Delhi with an attractive option of cultivating robust relations with a key Muslim state, at least in part to deflect Pakistan's rhetoric in international forums and to mollify the increasingly disenchanted Muslim population within India. Iran, for its part, saw in India a potential means to break out of its isolation caused in part by the containment policies of the United States. India's value in this regard has only expanded in recent years as India has forged key relations with the United States, Israel, the European Union and the states of Southeast and Northeast Asia. Tehran also looks to India as a cost effective source of high-technology inputs and assistance in the development of information technology. Finally, both states see tremendous value in military cooperation.

In the early 1990s, a policy of economic reform brought about a period of sustained economic growth in India, which expanded the country's demand for hydrocarbon energy sources. Iran, for its part, was both endowed with one of the world's largest supplies of natural gas as well as oil, and desperate to find new markets for these products. Energy interests, with Iran as a supplier and India as a consumer, cemented Indo-Iranian relations and motivated both states to explore ways of getting Iran's hydrocarbons to India's market. This general rapprochement of the 1990s was also facilitated by Tehran's subtle shifts towards the recalcitrant Kashmir issue. 1991 witnessed a series of high-level exchanges. During a visit of the Indian external affairs minister, Tehran first acknowledged Kashmir to be an integral part of India. This was subsequently reiterated during 1993 visits to Tehran of the Indian foreign minister and Prime Minister Narasimha Rao.

By the late 1990s both Iran and India converged on several key issues: (1) stability in Central Asia, Afghanistan and Pakistan, (2) security of energy supplies, (3) checking the deleterious consequences of Wahabbist/Deobandi extremism emanating from the Taliban-controlled Afghanistan, Pakistan and elsewhere, and (4) the mutual benefit from economic cooperation in a broad swath of areas. This cluster of shared concerns brought about a number of key milestones. For example, in 2000 Iran and India agreed to build a North-South Corridor, which would permit facile movement of goods across Central Asia and Russia. As a part of this accord, India agreed to help expand the Iranian port of Chahbahar

and lay railway tracks that would connect Chahbahar to the Afghan city of Zaranj. Cooperation between the two states increased in the area of defence as well. In March 2001, Indian Defence Secretary Yogendra Narain met with his Iranian counterpart, Ali Shamkhani, and agreed to initiate a security dialogue to examine key issues of mutual concern. This meeting was followed by Prime Minister Vajpayee's historic visit to Tehran in April 2001, which resulted in the Tehran Declaration. This document aimed to enhance bilateral cooperation, to articulate their mutual interests in establishing a broad-based government in Afghanistan, and to express their apprehension over international terrorism and their mutual preference for a comprehensive convention against international terrorism at the United Nations. Despite positive developments in Indo-Iranian ties in this decade, there were persistent limits to the depth and breadth that the relationship could take. Many of these limits continue to frustrate and circumscribe the relationship. First, throughout the 1990s, India sought a rapprochement with the United States. India's desire to cultivate robust security ties with the United States has been and will remain a serious constraint on the Indo-Iranian relationship. Second, India has simultaneously pursued robust defence ties with Israel. In fact, Israel has become the second largest supplier of military equipment to India. Third, India is also seeking more robust ties with a number of Arab states, which have been less than thrilled by the upswing in Indo-Iranian relations.

3.2.3.3 September 11, 2001 to Present: Prospects And Problems

The terrorist attacks of September 11, 2001, brought to the region a number of far-reaching changes. First, the attacks brought to the fore the significance of South Asia within the larger context of the global war on terrorism. This gave a greater impetus to the fast-developing Indo-U.S. strategic relationship. Second, the global focus on terrorism and the trends in political Islam have also encouraged India and Israel to deepen their already extant robust relationship. Third, stakeholders within India, Israel and the United States have also pushed for an Indo-U.S.-Israel triangular relationship to "fight terrorism." Fourth, the military action in Afghanistan (Operation Enduring Freedom) brought the official rule of the Taliban to an end. This was a welcome change in both Tehran and New Delhi. Fifth, the military engagement in Iraq (Operation Iraqi Freedom) has also resulted in the ousting of Saddam Hussein. While his exit from Iraqi politics and capture was welcomed

in Tehran and elsewhere, U.S. efforts to do so without global consensus or UN cover was discomfiting both to Tehran and New Delhi. While aspects of the war on terrorism and the involvement of the United States in the subcontinent have clearly been positive for New Delhi, other aspects have been less so. The war on terrorism again motivated the United States to resuscitate its ever tentative relationship with India's vexing western neighbour, Pakistan. India, while seeking enhanced military supply relations with Washington, has argued that Washington should strictly limit its military assistance to Islamabad. India has also watched with dismay as the United States made President Pervez Musharraf, who is viewed dubiously in New Delhi as the author of the Kargil conflict, a critical partner in the war on terror. From New Delhi's perspective, Washington has largely turned a blind eye on Pakistan support for militancy in Kashmir, and has acted with relative public insouciance towards Pakistan's demonstrable nuclear proliferation. While Iran no longer has to contend with the odious Taliban and Saddam Hussein regimes, it too has had much to fret about in this new environment.

While the United States has been a close neighbour due to its military presence in the Gulf since 1990/1991, the U.S. footprint in the region has expanded dramatically since 9-11. The United States has a robust military presence in Afghanistan, Pakistan, Uzbekistan, and obviously Iraq. Iran is clearly concerned that the United States will cultivate regimes in these countries that are pro-American and hostile to Iran's equities in the region. This changed environment has also opened up opportunities for both India and Iran. Afghanistan is now more open and both states are considerably freer to use whatever means at their disposal to influence the eventual outcomes in Kabul and elsewhere. Both states are hoping that the demise of the Taliban, the U.S. presence in Pakistan, and the enhanced international concern surrounding extreme Sunni Islamic movements (e.g., strands of Wahhabi and Deobandi belief) will check the spread of Sunni militarism. The convergence of shared threats and perceived opportunities have encouraged Iran and India to move more swiftly on key areas that undergird their developing strategic relations such as threats of terrorism (particularly from militant Sunni groups), security of the sea lanes of control (e.g., Strait of Hormuz), and integrity of energy supplies. Moreover, the possibility of Afghanistan eventually being stabilized has opened up new commercial and development possibilities that compel

both India and Iran to work together with other key collaborators such as Russia. It should also be noted that both states need each other politically now more than ever.

The most important milestones for Indo-Iranian relations came when Indian Prime Minister Vajpayee visited Tehran in 2001, followed by the reciprocal visit of Iranian President Khatami to New Delhi in 2003 when he was the guest of honour at India's Republic Day celebrations, an honour reserved for the closest friends of India. Both parties have strong motives for courting the other. Iran sees India as a strong partner that will help Tehran to avoid strategic isolation, particular at a moment when Tehran has been designated a member of the "Axis of Evil." Tehran also sees India as helping it to break out of the anti-Iran pincer allegedly created by the United States in the region, and as an ally against Arab nationalism and extremist Wahhabite Islam. Finally, the move toward India also reflects the broad Iranian foreign policy trend toward an emphasis on the "national interest" versus Islamic. The state visit included signing of a number of agreements including a "Memorandum of Understanding on the Road Map to Strategic Cooperation." The memo states that India and Iran will explore opportunities for cooperation in defence in agreed areas, including training and exchange of visits. It also states that India-Iran defence cooperation is not aimed against any third country. Reportedly, India promised to upgrade Iran's fleet of Russian-supplied Kilo-class submarines and its MiG fighters. Iran also will be accorded access to other Indian military technology. In March 2003, India and Iran conducted their first combined naval exercise. This exercise also was notable because it probably reflected Indo-Iranian discomfort with the mounting U.S. presence in the Persian Gulf and Arabian Sea at that juncture. Indian engineers also are working to upgrade and develop the Iranian port of Chabahar, the Chahbahar-Fahranj-Bam railway link, and the Marine Oil Tanking Terminal. This initiative presumably is mainly intended to facilitate trade and is part of a larger Indian Ocean to North Sea initiative involving Russia and others, and mainly centred on the Iranian port of Bandar Abbas. Pakistani and Chinese observers, however, will worry that Tehran eventually will permit Indian naval forces to use the port and will regard developments at Chahbahar as a response to China's own development of a Pakistani port and naval base at Gwadar, some one hundred miles eastward.

Close Indo-Iranian security ties may also be inferred from the reported presence of an unusually large Indian consulate, with presumed intelligence duties, on the Pakistan border (and also near the Afghan frontier) at Zahedan in Iran. India also established a new consulate at Bandar Abbas in 2002, a development that provoked Pakistan to protest that India will use this facility to monitor ship movements in the Persian Gulf and the Strait of Hormuz. In the economic arena, the principal issues have been trade and energy, and the North-South Transportation Corridor. According to the then External Affairs Minister Sinha, “Iranian business and industry must look to its east, to India, in areas where Iran has traditionally depended on the West for technology, equipment, machinery, and industrial projects. The Iranian manufacturing sector should take note of the progress made by Indian industry in the manufacturing sector.” In December 2003, India proposed to Iran that the two states expand bilateral economic cooperation by forming a common market of India, Iran, and Pakistan. Iran’s ambassador to India responded by assenting to the concept and commented, “We hope for an economic bloc of India, Pakistan, Afghanistan, Iran, and maybe Central Asia.” According to the Iranian diplomat, “There is currently a gap between the ASEAN and the EU. As the only two democracies in the region, India and Iran can start a partnership to fill this gap.”

From India’s point of view, Iran’s energy resources provide one of the closest and cheapest energy resources available to fuel India’s growth. India-Iran commercial relations are dominated by Indian imports of Iranian crude oil, which alone account for some 90% of all Indian imports from Iran each year. Iran possesses the world’s second-largest natural gas reserves, while India is among the world’s leading gas importers. Under a reportedly finalized 25-year, \$22 billion deal, the state-owned Gas Authority of India Ltd. (GAIL) is to buy 5 million tons of Iranian liquefied natural gas (LNG) per year. To implement the arrangement, GAIL is to build an LNG plant in Iran, which Iran does not now have. Some versions of the deal include development by GAIL of Iran’s South Pars gas field, which would clearly constitute an investment in Iran’s energy sector. India currently buys about 100,000-150,000 barrels per day of Iranian oil, or some 7.5% of Iran’s oil exports. It is also widely reported that Indian refineries supply a large part of the refined gasoline that Iran imports. Gasoline is heavily subsidized and sells for about 40 cents per gallon in Iran, and Iranian refining capacity is insufficient to meet demand. The purchase of Iranian

petroleum product is not generally considered an ISA violation. A major aspect of the Iran-India energy deals is the proposed construction of a gas pipeline from Iran to India via Pakistan, with a possible extension from Pakistan to China. The IPI was proposed as a pipeline that would transport 36 billion cubic metres of gas every year from Bandar Abbas to Calcutta. Of this, 70 per cent gas was meant for India while 10 and 20 percent were meant for Iran and Pakistan respectively. The pipeline, which can be extremely useful for India, has been ostensibly held up over the pricing of the gas, although the real impediment has been the US opposition. Some of the Indian companies that reportedly might take part in the pipeline project are ONGC, GAIL, Indian Oil Corporation, and Bharat Petroleum Corporation.

Iran, India, and Pakistan have repeatedly reiterated their commitment to the \$4 billion-\$7 billion project. If conditions improve, India can look at the pipeline optimistically.

Despite huge oil reserves, Iran lacks adequate refining capacity and as against an annual consumption of 64.5 million litres of petrol, its refineries can refine only 43 million litres, which forces it to import approximately one-third of its consumption. Iran has been a major destination for the products of some Indian refineries in the private sector, which are unable to market their products locally as the petroleum products are subsidised by the government.

3.2.4 ECONOMIC RELATIONS

India and Iran enjoys economic and commercial ties covering many sectors. However, the trade relations have traditionally been buoyed by Indian import of Iranian crude oil resulting in overall trade balance in favour of Iran. The India-Iran bilateral trade during the fiscal 2014-15 was USD 13.13 billion. India imported US\$ 8.95 billion worth of goods mainly crude oil and exported commodities worth US \$ 4.17 billion. The unilateral economic sanctions imposed on Iran have had an adverse effect on the bilateral trade as the international banking channels have gradually become non-existent.

India and Iran hold regular bilateral discussions on economic and trade issues within the framework of India-Iran Joint Commission Meeting (JCM). The 18th India-Iran

JCM was held in New Delhi on 28 December 2015. An MoU on cooperation on trade, finance, energy, infrastructure and cultural issues was signed during the JCM. The Visa facilitation agreement for diplomatic and official passport holders was exchanged in the meeting.

3.2.5 INDO-IRANIAN RELATIONS: CONSTRAINTS

While the interest between India and Iran in closer and more robust ties may have intensified, but there still remain a number of constraints that prevent this relationship from attaining the level of a strategic partnership. The main constraint in the Indo-Iranian bilateral relationship might potentially be the role of the U.S. in their foreign policy calculus. India has made a serious attempt in recent times to align itself with the U.S. on major international issues, ranging from the tackling of transnational terrorism to the U.S. pursuit of National Missile Defence. There are many in India and the U.S. who see both countries as natural partners because of their converging interests and vibrant democratic institutions. Washington has also been trying to make its interaction with India broad-based, rather than focusing exclusively on issues related to nuclear proliferation and arms control, which had been the pivot of bilateral relations for nearly 30 years.

On the other hand, the U.S. remains hostile to Iran. After September 11, 2001, American relations with Iran have further deteriorated, as Washington views Tehran as a major sponsor and supporter of terrorist networks like the Lebanese Hizbollah, Hamas, and the Palestine Islamic Jihad. Washington has also accused Tehran of giving sanctuary to top al-Qaeda leaders and of making attempts to destabilize post-war Iraq by trying to position a pro-Tehran Shia regime in Baghdad. The declaration by Iran that it would reprocess spent nuclear fuel and mine uranium to meet a growing demand for electricity has also not made matters easier for the U.S.-Iran relationship. The U.S. strongly believes that Iran's announced plans are a pretext to develop nuclear weapons, since an ambitious nuclear programme for electricity does not make sense for a country with huge oil and gas reserves and limited uranium supplies. Iran's enrichment programme and its reluctance to abide by the commitments made under the nuclear Non-Proliferation Treaty (NPT) had led to numerous economic sanctions being imposed on it. On September 24, 2005, soon

after the signing of the Indo-US framework agreement and Ahmedinejad's assumption of office (August 3, 2005), India voted with the US in the IAEA for the implementation of the non-proliferation safeguards agreement in Iran. In this particular voting at the IAEA meeting of the Board of the Governors, Russia and China abstained while India chose to vote along with US and the West. The US termed this support 'significant'. India said that its vote was meant to avoid a major confrontation between Iran and the international community. India urged that Iran must fulfil its obligations as a signatory to the Nuclear Non-proliferation Treaty (NPT) and held that the passage of the resolution could not be the basis of a "renewed punitive approach or new sanctions" against Iran.

Another problematic area in the Indo-Iranian relation is the India's relation with Israel. It will be difficult for India to maintain strategic partnerships with both Israel and Iran for a long time, given the peculiar nature of relations among West Asian countries. Iran's policy toward the Palestine issue could become a major stumbling block in Indo-Iranian relations, since Iran not only supports the Palestine cause and the right of its people to reclaim occupied lands as their homeland, but also non-recognition of Israel.

Another problem area in this context is the Kashmir issue. Kashmir has been a major source of friction in the Indo-Iranian relationship since the early 1950s. Iran had been a consistent supporter of Pakistan's position on Kashmir, both within and outside the United Nations. However, since the early 1990s, there has been a perceptible change in Iran's position in favour of India, when few countries were even sympathetic to India's stance. While Iran continues to express concern about the plight of Muslims in Kashmir valley, it has remained firmly opposed to India's territorial integrity being challenged in any manner. As of now, Iran seems to have made a strategic choice in favour of down-playing its Muslim identity in its relation with India. But for India, Iran's pronounced Islamic identity is a matter of fact that cannot and should not be underestimated. As a consequence, India's domestic policy and its treatment of its Muslim population play a major role in determining the long-term strength of the Indo-Iranian relationship.

The relationship between India and Iran can also suffer from Iran's close defence relationship with China. Chinese firms are key suppliers of ballistic and cruise missile-

related technologies to Iran. China is also helping Iran pursue the development of a nuclear fuel cycle for civil and nuclear weapons purposes. While Iran's development of nuclear weapons and ballistic missiles may not be of any direct strategic consequence for India, China's growing leverage over Iran can shape Tehran's attitudes toward Delhi and if Iran decides to follow China's lead, it might render India geopolitically handicapped.

Thus all these problems cannot be ignored and must be factored into larger debates on India-Iran relations. The future of India-Iran relations will depend on how both countries are able to balance and manage the problematic side of their relations.

3.2.6 INDO-IRAN RELATIONS: CONTEMPORARY SCENARIO

Although India voted in 2005 to take the issue of Iran's enrichment activities to the UN Security Council, it has since repeatedly insisted on a peaceful resolution to the conflict and stated it will not support any threats of violence made against Iran for its nuclear programme. In March 2010, the Indian government stressed that it now perceives additional sanctions against Iran as counterproductive. Moreover, during a visit to Washington, Indian Foreign Secretary, Nirupama Rao, announced her government's opposition to any sanctions that would negatively affect the Iranian people, saying that "continues to be our view that sanctions that cause difficulties to the ordinary man, woman and child would not be conducive to a resolution of this question." Although India has voted in favour of imposing UN sanctions against Iran for its nuclear programme, the two countries have continued to pursue a cordial diplomatic relationship. Iran was India's second largest supplier of oil but now it has slipped to sixth position. India imported 16.083 million tonnes of oil in 2010-2011 and 14.689 million tonnes of oil during 2011-2012. Though India reduced oil imports from Iran, it is trying to expand trade in other commodities like tea, pharma, automobile, electronics, spare parts and agricultural products. India has already approved USD 364 million (20 billion rupees) fund to provide reinsurance to local refineries that process Iranian crude oil and the quantum of the fund can be raised in future.

However, the fruition of the nuclear deal between Iran and the P5+1 by Hassan Rohani as the President of Iran in many ways seems rewarding to all involved. Iran, according to the Comprehensive Joint Plan of Action (CJPOA), has agreed to conduct its nuclear

programme in a restrictive manner. The plan requires Iran to freeze all uranium enrichment and to place its nuclear sites under IAEA safeguards. In return, Iran anticipates the termination of all economic and diplomatic sanctions imposed on it by the UN Security Council (UNSC), the European Union (EU) and the US.

The deal's effect could impact India's energy sector in particular. India is the second largest importer of crude oil from Iran next only to China. India needs to capitalise on the emerging Iranian gas supply market under current low price scenario, before rival consumers snap up Iranian exports or prices go up. Iran is reported to have offered gas to India at \$2.95 per million British thermal unit (mmBtu), albeit for supply to a planned urea plant to be set up by India at Chabahar, which is less than half the rate at which India currently imports LNG from the spot or current market. In contrast, long-term LNG supplies from Qatar are four times the Iranian price. Given that the Chabahar Port is part of India's larger regional policy, developing broader relations that entail incorporating gas supplies from Iran would give India greater leverage at a time when other countries in South Asia, including Pakistan and Bangladesh, are emerging as key gas importers.

The Iranian Ambassador to India, Gholamreza Ansari, recently said that India should seize on the opportunity and take advantage of its presence on the ground to be ahead of the Western countries that would start making investments after lifting of sanctions. Ansari also said that the Iranian President Hassan Rouhani had proposed a greater role for India in his meeting with the Indian Prime Minister Narendra Modi on the sidelines of the Shanghai Cooperation Organisation (SCO) Summit held in Ufa, Russia. Iran has invited Indian investments of about US\$ 8 billion in its infrastructure projects. The Iran nuclear deal has clearly opened up huge opportunities for the two countries to enhance their bilateral trade including in sectors like food items, pharmaceuticals, gems and jewellery, auto components, textiles and medical equipment. In the past, bilateral trade could not be expanded due to problems of transaction through foreign banks.

India stands to be a major beneficiary of the Iran nuclear deal. New Delhi has been vigorously pursuing the Iran-Pakistan-India (IPI) gas pipeline project for the last decade. The operation of the IPI project would be reinforced by the trilateral "Framework

Agreement,” in which the three governments would be committed to the provisions of the Energy Charter Treaty.

There is an effort on the part of both India and Iran to enhance connectivity through the International North South Transport Corridor (INSTC) and the Chabahar Port, which will help connect South, Central and West Asia to Europe. India’s decision to upgrade the Chabahar Port project was conveyed during the External Affairs Minister’s visit in June 2015. India has agreed to invest US\$100 million in free trade zone in Chabahar. The significance of Chabahar Port is that it will facilitate a transit route to land-locked Afghanistan. Recently Iranian Oil Minister and Managing Director of the National Petrochemical Company (NPC) stated that petrochemical hubs will be created in Lavan Island in the Persian Gulf and Chabahar region in the South-eastern province of Sistan and Baluchestan. Lavan hosts Iran’s big gas and oil fields. Creation of petrochemical hub in Chabahar will help reduce the cost of petrochemical exports to both India and China.

To fine tune the relationship with Iran, External Affairs Minister Smt Sushma Swaraj visited Tehran on 16-17 April 2016 at the invitation of her counterpart Javad Zarif, Minister of Foreign Affairs of Iran. Sushma Swaraj called on President of Iran Hassan Rouhani, met Ali Akbar Velayati, Advisor to Supreme Leader and held delegation level talks with Javad Zarif. he expressed the hope that the two sides will sign at an early opportunity the bilateral contract on

Chabahar Port, and also the trilateral Agreement involving India, Iran and Afghanistan on Trade and Transit Corridor through the Chabahar port. Iran supported India’s desire to join the Ashgabat Agreement. Both sides highlighted the importance of International North South Transport Corridor. The Iranian side welcomed the prospects for participation of India in railway projects, such as Chabahar-Zahedan, which will enhance regional connectivity. Sushma Swaraj also emphasized the need for early finalization of trade related agreements including on Double Taxation Avoidance Agreement, Bilateral Investment Protection And Promotion Agreement and an early launch of negotiations on Preferential trade Agreement. She conveyed that India was ready to repatriate the oil payments to Iran

through the mutually workable banking channels as per the understanding reached between the relevant authorities of the two countries.

The future of India-Iran relations will depend on two factors: first, how India manages to balance its relations with Israel, US and the GCC countries on the one hand and Iran on the other; second, what will be the nature and level of Iran's engagement if its relations improve with the US and EU? Will Iran's foreign policy then be more west-focused or east-centred? In the past, during the Cold War, Iran under the Shah was in the western camp but after the revolution the relations with the west fell apart. The West Asian region including Iran is highly Euro-centric and therefore if Iran-US relations improve, the foreign policy direction would be more towards Europe/US than towards Asia.

3.2.6.1 Latest Developments

During the past two decades, Iran and India have been developing a strategic partnership that is broadly part of India's plans for what it calls its "extended neighbourhood." There are two regions at the heart of the giant rising power's geostrategic interests: the Indian Ocean, and Central Asia plus Afghanistan. Moreover, India's rapidly developing economy is thirsty for energy and markets for export, with Europe as the top destination. Iran was a crossroads for all of these ambitions. It has the world's richest gas reserves as well as the fourth-largest global oil reserves, while its troubled relations with the developed world could work in the favour of newer Indian companies looking to invest and work in Iranian energy industries.

India is relaying on Chabahar port as a gate to Afghanistan and central Asia through Chabahar-Zahedan railways and the Indian-built Zaranj-Delaram highway in Afghanistan, as well as an entry to Europe through the International North-South Transport Corridor. But all of those ambitions are at stake due to the US sanctions against Iran and are putting pressure on India to downgrade its partnership with Iran overall.

As if that's not enough, the US pressurised India not to buy oil from Iran with a threat to impose sanctions if it buys oils. This has struck a huge blow to India-Iran bilateral relations. This came on top of India's vote against Iran before the International Atomic

Energy Agency in 2005, 2006 and 2009. Tehran was, and still is, so greatly taken aback by those decisions that they will affect Iranian leaders' perception of their relations with India in the future, without a doubt. Iran's recent joint naval exercise with China and Russia in the Indian Ocean could partly be interpreted as an answer to those controversial moves by New Delhi.

Further, India-Iran relations have also strained in the backdrop of the India's citizenship laws and resultant protests and violence. Iran became the latest country to join the chorus of criticism. Iranian foreign minister Javad Zarif's tweet condemning the violence has brought to the surface a strain in the relationship. In a strongly-worded tweet on Monday, Zarif said: "Iran condemns the wave of organised violence against Indian Muslims. For centuries, Iran has been a friend of India. We urge Indian authorities to ensure the wellbeing of ALL Indians & not let senseless thuggery prevail. Path forward lies in peaceful dialogue and rule of law."

In turn, India summoned the Iranian ambassador for the "unwarranted" remarks. According to Ministry of External Affairs Spokesperson Raveesh Kumar, "It was conveyed that his selective and tendentious characterisation of recent events in Delhi is not acceptable. We do not expect such comments from a country like Iran".

However, according to strategic thinkers one must not overplay these short-term strains in India-Iran relations ignoring civilizational ties and strategic interests. Over the period both India and Iran understood how important their mutual relationship in advancing each country's strategic interests and bringing economic and social progress to both the societies. They also knew how to sail the troubled waters as there are many occasions in the past both the countries are not on the same boat. Moreover, the policy makers of both the countries are optimistic that they pass on this troubled phase and get into normalcy very soon.

3.2.7 LET US SUM UP

To conclude, it would not be incorrect to state that Iran's unique geography, its population and nature have bestowed upon it a unique strategic significance, making it one

of the important players in the global arena. From India's perspective, good relations with Iran are an essential imperative for India's sustained growth and development. Its energy resources could easily speed up India's growth and its landmass could provide Indian manufacturer's access to Central Asia and the Caucasus. On the other hand, Iran's nuclear weapons programme does pose a threat to regional and global peace. It could also irrevocably disturb the balance of power in the geo-strategically significant Persian Gulf. Any disturbance in the region could adversely affect India's economic well-being. The recent accord between the West and Iran has given diplomacy a chance, although many in the West as well as in the Middle East are unhappy with it. Now, India is better positioned to improve its relations with one of its important neighbour, whose geopolitical significance is enormous to India's development.

3.2.8 EXERCISE

1. Briefly outline historical and civilisational links between India and Iran.
2. Trace India-Iran relations in three distinct phases.
3. How Iran's geopolitical location serves India's strategic interests?
4. What are the major constraints for Indo-Iranian relations?

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – III: WEST ASIA AND CENTRAL ASIA

3.3 INDIA-ISRAEL EMERGING POLITICAL AND STRATEGIC EQUATIONS

- V. Nagendra Rao & Rajnish Saryal

STRUCTURE

3.3.0 Objectives

3.3.1 Introduction

3.3.2 Evolution of India-Israel Relations

3.3.3 Security, Defence and Economic Cooperation

3.3.3.1 India-Israel Defence Cooperation

3.3.3.2 Economic and Trade Relations

3.3.3.3 Cooperation in Agriculture

3.3.4 Indo-Israel Relations: Moving to Higher Trajectory

3.3.5 Let Us Sum Up

3.3.6 Exercise

3.3.0 OBJECTIVES

The present lesson analyses India's complex relation with Israel and the reasons for it. After going through this lesson, you will be able to know:

- the evolution of Indo-Israel relations ever since Israel was established in 1949;
- the growing importance of Israel in India's foreign policy calculus;

- the Indo-Israel cooperation on security, economic and agriculture; and
- the recent developments in Indo-Israel relations ever since NDA under Narendra Modi formed the government.

3.3.1 INTRODUCTION

In 1948, the newly born State of Israel gave full recognition to the Republic of India and since then has considered India a key player in the international system. India recognised Israel two years later, on 18 September 1950 and allowed the Government of Israel to open a consulate (that is, the lowest level of bilateral foreign relations) in Bombay (now Mumbai). Full diplomatic relations between the two countries were not established until 29 January 1992.

After the establishment of diplomatic relations between the two countries in 1992, bilateral relations, concentrating on mutual national interests, gradually evolved and reached its peak in the year 2003 when the prime minister of Israel paid an official visit to India and a joint statement of friendship and cooperation between the two countries was issued. Since the establishment of Embassies, a large number of Ministerial visits have taken place. The period since 1992 has been utilized to put in place the framework of normal State-to-State relations, including Agreements and MOUs in diverse areas of cooperation. Most importantly, Israel has emerged one of the important suppliers of sophisticated defence equipment to India in the post-Cold War period. In the following sections of this lesson, you will understand this growing strategic relationship between India and Israel and the status of diplomatic and security relations, level of intelligence sharing and economic cooperation.

3.3.2 EVOLUTION OF INDIA-ISRAEL RELATIONS

Normalization of diplomatic relations with Israel was the most visible manifestation of the post-Cold War foreign policy of India. More than four decades after the formation of Israel, India established full diplomatic relations with the country in January 1992. This move signalled India's new non-ideological approach to foreign policy.

An initial formal Indian recognition of Israel had come back in September 1950, but a host of developments had prevented immediate normalization, even though an assurance to this effect was given when the Israeli diplomat Walter Eytan visited India in early 1952 and met Prime Minister Jawaharlal Nehru. Initially, financial constraints and lack of personnel prevented India from implementing Nehru's assurances of full normalization, including a resident mission in Tel-Aviv. Israel's collaboration with imperialism as manifested during the Suez war and Nehru's growing friendship with Gamal Abdel Nasser gradually diminished the prospects of full normalization. What began as a pro-Arab policy gradually transformed into a policy of unfriendliness, if not hostility, towards Israel. Beginning with his yielding to Arab political pressures on the eve of the Bandung Conference of April 1955, Nehru played a critical role in Israel's exclusion from the emerging bloc of Non-Aligned Movement and other Third World forums. Gradually, India intensified anti-Israeli rhetoric in its Middle East policy, as in November 1975 when New Delhi endorsed the infamous UN General Assembly Resolution 3379 that equated Zionism with racism.

However, the disapproval of India of Israel policy should not be stretched to the extent that India always tried to avoid contact with Israel. While maintaining overt relations with the Arab states India also had a covert relations with Israel—often enabled through back channel diplomacy. India permitted the establishment of a Jewish agency in Mumbai since the 1950s—that amounted to a quasi-diplomatic office headed by an Israeli diplomat—to manage the interests of the Indian Jews who desired to travel/immigrate to Israel. Indications of New Delhi-Tel Aviv covert relations exist since the early 1960s when Israel provided India with small arms and ammunition in the wake of the 1962 Chinese aggression. Again, during the 1971 India-Pakistan war, Israel gave India 160 mm Tempella mortars. Similarly, covert ties continued with the secret visit of Gen Moshe Dayan in 1979 to meet Prime Minister Morarji Desai. During the early 1980s, some Indian military officers underwent counter-terrorism training in Israel. Also, Israeli security specialists were consulted about protection systems in Prime Minister Rajiv Gandhi's residence in the mid-1980s.

However, the disappearance of the USSR, the end of the Cold War and the emergence of US hegemony all reduced international animosity towards Israel. US domination also meant the erstwhile adversaries of Israel had to come to terms with the international clout of Israel's most friendly power. Political miscalculations of the Palestinians during the Kuwait crisis also meant that the regional animosity towards Israel lost some of its rationale. The reversal of its four-decade policy towards Israel since 1992 onwards provided an opportunity for the Indian leadership to signal a clean break from the past and herald a new dynamism in its foreign policy.

According to Bidanda M Chengappa the demise of Palestine Liberation Organisation (PLO) leader Yasser Arafat's in November 2004 that dwarfed the Palestinian role in intra-Arab politics, India-Israel relations have emerged stronger than before. Nevertheless, one document published by Ministry of External Affairs, Government of India titled 'India's Foreign Relations—2013' clearly outlined:

“It's a good thing that Israel understands that our commitment to Palestine is undiluted. Israel didn't want us to go with Palestine when it was trying for UN membership, but we did. We've found the right sort of balance between our legitimate concerns about Palestine and our growing relationship with Israel. It's important that we keep in mind popular perceptions in the country that, historically, we have been strongly in favour of Palestine. The relationship with Israel is steady, firm and moving in the right.”

For India, the rationale for relations with Israel arose from a source for armament imports and a partner to combat terrorism. Israel had her own interests for cultivating ties with India that ranged from: 1) the need for extra-regional linkages that small states pursue in their search for security; 2) an export market for her armament industry and; 3) an ally in the war against terrorism. Therefore, such a convergence of their mutual interests led to a natural alliance between the two countries, both significant states with strong strategic statures in their respective regions, namely South Asia and West Asia. While India-Israel relations remained covert during the Cold war period, they became overt during the post-

Cold war period. To that extent, New Delhi-Tel Aviv ties remained hostage to the pulls and pressures of the strategic environment prevalent during the Cold War period. Similarly, their bilateral relations also proved responsive to the realignments that characterised the post-Cold War period.

Former Israeli Prime Minister Ariel Sharon's visit to India during September 2003 provided another step forward in India-Israel relations. The two countries have progressed from a covert to an overt diplomatic relationship with each other. Evidently the large Muslim Indian population prompted the government to pursue a covert relationship with Israel since the 1960s. Clearly, the Palestinian foreign minister's political journey to New Delhi, prior to Sharon's visit, only underlines India's need to pursue a balanced policy towards West Asia. Sharon's visit was aimed to express solidarity with India in its struggle against terrorism. India and Israel have a joint working group on terrorism.

India and Israel are both liberal democracies in the region and enjoy good relations with the US. Both anticipate a threat from political Islam to their national interests. For Israel, India's regional significance is enormous. Brig Subhash Kapila (Retd) observes that, India and Israel are democracies and have survived in a sea of hostility, surrounded by implacable adversaries and a heavily militarised security environment. Both nations have fought wars in nearly every decade of their existence. Both countries also have been facing external and internal security threats in the form of Islamic terrorism and sabotage. It should have been, therefore, natural for India to reach out to Israel in terms of establishment of meaningful political and economic relations.

There were many factors that worked in favour of India's strengthening ties with Israel. The 1993 Oslo Agreement enabled some Arab countries to establish low-level diplomatic ties with Israel, while the powerful Gulf Cooperation Council (GCC) abandoned secondary boycotts against Israel. Moreover, most Middle Eastern countries had no qualms about Indo-Israeli ties. After some displeasure in the immediate aftermath of Rao's decision, most countries pursued bilateral ties with India as if there were no Israel factor. Indeed, India's relations with the Middle East improved substantially after, rather than before 1992. India's economic growth and the resultant political clout resulted in many Middle

Eastern countries looking at India favourably, attracted by the economic opportunities that India could provide and unconcerned about burgeoning Indo-Israeli ties. Contrary to fears and apprehensions, Arab and Islamic countries were not prepared to hold their bilateral ties with India hostage to the Israel factor. Even the Islamic Republic of Iran, known for its anti-Israeli rhetoric under President Mahmoud Ahmadinejad, pursued closer ties with India as if there were no Indo-Israeli partnership. In other words, while Israel was not responsible for the improvements in Indo-Arab ties, one can safely conclude that normalization of relations has not hampered the ability of Arab and Islamic countries to pursue closer political, economic and energy ties with India.

3.3.3 SECURITY, DEFENCE AND ECONOMIC COOPERATION

The security and defence dimension to India Israel relations assumes immense importance. The two sides have entered into a strategic policy dialogue wherein their respective National Security Advisors dialogue with each other. While military technology ties forms the foundation, border management, intelligence cooperation and counter-terrorism supplement the bilateral relationship. The Israeli defence industry is unique because the country's compulsory military service creates soldier-scientists wherein defence scientists also develop a strong orientation to combat requirements. This tends to minimise the development cycle time to design new military equipment. Israeli avionics will now be used to upgrade the MiG-21 fighter aircraft of the Indian Air Force. Interestingly, Israel procured the pilotless target aircraft Lakshaya made by Hindustan Aeronautics Ltd.

India proposes to obtain Israeli assistance to train four battalions of nearly 3,000 soldiers in specialised counter-insurgency operations in desert, mountainous and jungle terrains, besides counter-hijack and hostage crisis situations. The Jerusalem Post of February 3, 2003, asserts that India seeks security expertise from Israel due to its inability to manage infiltration into Jammu and Kashmir, besides other stretches of the India-Pakistan border that resulted in a high profile attack on its Parliament.

India also aims to adapt Israeli border management techniques to secure its territory from terrorist infiltration in Jammu and Kashmir. Former Border Security Force (BSF) Director General (DG) Ram Mohan had accompanied then Home Minister L K Advani

during his visit to Israel. Similarly, intelligence cooperation is evident between the two sides given that confidential diplomacy preceded overt diplomatic relations. Intelligence agencies conduct confidential diplomacy and, therefore, make intelligence functions an extension of diplomacy. Former National Security Guards (NSG) Director General Ashok Tandon too visited Israel to interact with the Israeli internal security service.

The convergence of Indo-Israeli interests and their strategic significance was outlined by the India's former National Security Adviser Brijesh Mishra in his address to the American Jewish Committee, wherein he argued that democratic countries that are the prime targets of international terrorism should form a "viable alliance" and develop multilateral mechanisms to counter the menace. He identified India, the US and Israel as countries fitting that description. According to him, "Such an alliance would have the political will and moral authority to take bold decisions in extreme cases of terrorist provocation."

The constructive aspect of the proposal signifies creation of a strong, stable force against the potential epicentre of fundamentalism and radicalism. The main purpose is to keep the theatre of the Indian Ocean and its eastern approaches to Europe free from radical and fundamental forces that are showing increasing signs of consolidation. From an Indian perspective, the importance of this cannot be undermined, particularly in the context of Pakistan's continuing proxy war and the turbulent regional scenario increasingly exacerbated by instability in the Middle East, Afghanistan, Central Asia and Pakistan.

The convergence of the two countries was highlighted during the June 22, 2003, Joint working Group meeting, where the Deputy Director General Israeli Ministry of Foreign Affairs, Zvi Gabey, said, "we find ourselves in the same camp that fights terrorism and we have to develop our relationship according to that." Indian Foreign Ministry officials acknowledged this and said during the same meeting, "India finds it increasingly beneficial to learn from Israel's experience in dealing with terrorism since Israel, too, has long suffered from cross-border terrorism." Under the circumstances, the emerging understanding to forge tripartite cooperation between India-US and Israel to jointly fight the menace of cross-border and international terrorism, must be seen as an important step in preserving

peace and security in the region by harnessing common resources and need not be construed against any particular region or interests.

From the Israeli perspective, India can assist in offering naval and other facilities that Tel Aviv lacks to further strengthen the relationship. Strategic thinking in Israel tends to give prominence to the Indian Ocean as a location for logistical infrastructure. For the establishment and operation of such a maritime venture, cooperation with the Indian Navy would be vital. According some reports in 2000, Israeli submarines reportedly conducted test launches capable of carrying nuclear warheads in the waters of the Indian Ocean off the Sri Lankan coast. Many scholars of the international relations argue that an alliance between India and Israel, openly endorsed by the US, would create a potent stabilising force in the region, which, together with like-minded regimes such as Turkey, could contribute significantly toward facing down the force of radical extremism so hostile to Indo-Israeli and American interests in western and Central Asia.

3.3.3.1 India-Israel Defence Cooperation

India's search for advanced technology and Israel's demand for larger markets to economize its defence research are complementary. Both countries are seeking technological independence and qualitative superiority over their adversaries. Some of the major defence deals involving both countries since 1992 include: the Barak anti-missile system; the upgrade of ageing MiG fighter planes; fast patrol attack craft; radars and other surveillance equipment; night-vision hardware; and border fencing. Of all military-related deals with Israel, the purchase of three Phalcon advance airborne early warning systems at an estimated cost of \$1,100 million was a major development. In the past, the USA vehemently opposed Phalcon sales to the People's Republic of China, and forced Israel to cancel the economically lucrative and politically important deal. However, as the left-wing parties were demanding that the Government abandon closer military ties with Israel, in July 2007 the Indian Government approved a \$2,500 million programme to jointly develop defence systems against air missiles. Above all, amidst the controversy over Iran's nuclear ambitions, in March 2007 India launched an Israeli spy satellite into orbit. While actual quantum of Israeli exports remains controversial, in May 2007 defence minister A.K.

Antony informed the Indian parliament that defence purchases from Israel during 2002–07 had been over \$5,000m.

In October 2014 India and Israel reached a deal for India to purchase 8,356 Spike anti-tank guided missiles and 321 missile launchers developed by Rafael Advanced Defence Systems Ltd. Rafel was competing against US companies Lockheed Martin and Raytheon for this contract, worth \$519 million. Israel Aerospace Industries successfully tested a jointly developed Indian-Israeli Barak 8 air and naval defence missile system on November 10, 2014. The missile test was carried out by Israel's Defence Ministry and India's Defence research and Development Organization, and represents the first full successful test of the missile.

Furthermore, heads of various branches of the military, as well as the security establishments, have been visiting one another periodically. There is a structured, regular and ongoing consultation between the national security establishments of both countries. There is an institutional consultation mechanism between the two foreign ministries, and both countries have Joint Working Groups dealing with terrorism and defence production. Indian naval vessels have been making periodic port calls to Israel. Reflecting its changed attitude towards Israel and the Middle East peace process, India contributed troops to the UN Interim Force in Lebanon (UNIFIL) in Lebanon in November 1998 and joined the UN Disengagement Observer Force (UNDOF) along the Israeli–Syrian border in March 2006.

Israel and India continued their positive relationship into 2015, with Israeli Defence Minister Moshe Ya'alon making the first official visit of an Israeli Defence Minister to India in February. While in India, Ya'alon, along with many other top Israeli defence officials, attended the Aero India arms exhibition in Bangalore. The purpose of Ya'alon's trip was to increase interaction and cooperation between defence industries in Israel and India. Photos surfaced online showing Indian Prime Minister Narendra Modi standing at the Israel Aerospace Industries booth at the exhibition, in a public display of Israel and India's strategic relationship.

It is suffice to say that the defence cooperation constituted as a core element in Indo-Israel relations. Israel is India's fifth-largest source of arms, with imports worth \$0.21 billion in 2013-14 and \$10 billion (Rs 59,670 crore) over the past decade. The highlight of the partnership was Israel's supply of artillery shells during the Kargil war, when India faced a shortage. Israel has also pledged support to the 'Make in India' mission in the defence sector.

3.3.3.2 Economic and Trade Relations

From a base of US\$ 200 million in 1992 (comprising primarily of diamonds), merchandise trade diversified and reached US\$ 5.153 billion in 2011. However, there was a decrease of 14.3% in bilateral trade as compared to 2011 (US\$ 5.19 billion). Owing to the global economic recession, bilateral trade in diamonds decreased significantly, resulting in a decrease in overall bilateral trade as well. India-Israel two-way trade in 2014-15 stood at US\$5.6 billion. Although India's exports to Israel in areas other than diamonds increased over the years, diamonds continue to be an important segment of total bilateral trade. India was Israel's 9th largest trade partner and Israel's 3rd largest trade partner in Asia after China and Hong Kong. India is ranked Israel's 10th largest import source and 6th largest export destination. Seven rounds of negotiations have been held so far to complete the formalities related Free Trade Agreement between India and Israel.

Foreign Direct Investment (FDI) inflows from Israel to India remained low, with Israel ranking 43rd during April 2000 to October 2012, at US\$55.32 million. However, data may not be accurate as FDI from Israel also flows from Europe and USA. Although official data about India's investment in Israel is not available, significant investments from India in Israel in 2012 include completion of acquisition of Israeli drip-irrigation company Naandan by Jain Irrigation, Sun-Taro India's 66% stake in Israel Taro Pharmaceuticals, Triveni Engineering Industries' recent investment in Israeli Aqwise Company, and others. A consortium of India's Cargo Motors Pvt. Ltd and Israel Ports Company won a US\$700 million contract bid to build a deepwater port at Nargol in Gujarat.

Indian companies are marking their presence in Israel through mergers and acquisitions and opening branch offices. TCS started operation in Israel in 2005. State

Bank of India opened a branch in Tel Aviv in 2007. The first major acquisition occurred in 2007 when Jain Irrigation of India purchased 50% stake in Naan-Dan a major Israeli irrigation equipment manufacturing company. In May 2012 Jain Irrigation acquired 100% stake in Naandan. India's Sun Pharma has 65.2% stake in Israel's Taro Pharmaceutical Industries. In 2009 Israeli companies were acquired by India's telecom companies Tejas Networks and Connectiva Systems.

3.3.3.3 Cooperation in Agriculture

Agriculture has been an important facet in the Indo-Israel relationship. India has benefited from Israel's expertise in the sector, evident from the number of bilateral agreements signed between the two nations. While Indian agriculture is largely dependent on rain and an erratic monsoon, Israel, a global leader in drip irrigation, has pioneered desert agriculture with sparse supplies of water. India has benefited from Israeli technologies in horticulture mechanisation, protected cultivation, orchard and canopy management, nursery management, micro-irrigation and post-harvest management.

In December 1993 India and Israel signed a bilateral agreement for cooperation in agriculture. Under the agreement the first Joint Committee was set up 2006 and an inter-Governmental "Work Plan" outlining cooperative activities was signed. The Work Plan was followed by an Action Plan 2008-2010. A Joint Declaration was signed in May 2011 by Agriculture Ministers of the two countries. Under the bilateral Action Plan for 2012-2015 cooperation has been expanded to seven states including Haryana, Maharashtra, Karnataka, Rajasthan, Gujarat, Tamil Nadu and Punjab. Nearly 10 India-Israel Centres of Excellence for cooperation in agriculture have been set-up so far. Israel intends to increase this to 28 Centres in future. India benefited from Israeli expertise and technologies in horticulture mechanization, protected cultivation, orchard and canopy management, nursery management, micro-irrigation and post-harvest management particularly in Haryana and Maharashtra.

3.3.4 INDO-ISRAEL RELATIONS: MOVING TO HIGHER TRAJECTORY

Indo-Israel relations are moving to higher trajectory every since NDA formed the government under Prime Minister Narendra Modi. Indian President Pranab Mukherjee and Prime Minister Narendra Modi announced in June 2015 that they will be embarking on a historic visit to Israel, the Palestinian territories, and Jordan, making them both the first Indian President, and Prime Minister to visit Israel. The officials from both countries are due to discuss cooperation in science, technology, agriculture, medicine, and economics. During the lead-up to the visit, Indian media speculated that multiple agreements to increase bilateral cooperation would be signed.

In what was hailed as a “huge development for India” by local news agencies, India abstained from a vote at the UNHRC that approved their Gaza Commission of Inquiry report, in July 2015. Forty-one countries voted in favour of adopting the findings of the biased report, and India was one of only five others who abstained. This marked the first time that India had ever voted against Palestinian interests at the UNHRC, signalling a significant shift in India-Israel relations – a move that left observers, including many in the BJP base, wondering why the government didn’t instead abstain.

Since then, however, the Modi government has moved toward the expected approach. The first sign of this was Modi’s decision to meet with Netanyahu on the sidelines of the opening of the U.N. General Assembly in 2014—despite reported hesitation on the part of some in the foreign ministry. Since then, there have been a number of high-level visits and interactions (and Twitter exchanges), including a few “firsts.” In October 2014, Pranab Mukherjee, for example, became the first Indian president to travel to Israel, where he declared the state of the relationship to be “excellent.”

Israel Aerospace Industries (IAI) and the Indian state-owned Defence Research and Development Organization (DRDO) began collaborating on a jointly developed surface-to-air missile system for the Indian Army in 2015. Indian officials purchased 321 launchers and 8,356 missiles from the Israeli military in 2015. India uses Israel-made unmanned drones for surveillance and military purposes, and ordered 16 drones during 2015. The government of India quietly approved the purchase of 10 armoured Heron TP drone

vehicles from Israel on September 11, 2015, at a price of \$400 million. These drones will help secure India's borders.

Indian firm Reliance Defence and Israeli firm Rafael Advanced Defence Systems signed a cooperative agreement worth an estimated \$10 billion at Defexpo India on March 30, 2016. Per the agreement, Rafael and Reliance will cooperatively produce air-to-air missiles, various missile defence systems, and surveillance balloons for the Indian military.

During a 3-day visit to Israel in January 2016, Indian Minister of External Affairs Sushma Swaraj stated that the full development of positive Israel-India ties is of “the highest importance,” to the government in India. The foreign minister's visit was part of the ongoing Indian effort not just to broaden and deepen India's relationship with Israel, but also to make it more public.

But the trip—not just to Israel, but to what the Indian government now routinely calls the state of Palestine—also highlighted the Modi government's attempt to de-hyphenate India's relations with the Israelis and Palestinians. The government has reiterated India's traditional position on a two-state solution, indicating its belief in an independent Palestinian state with East Jerusalem as its capital. It voted in favour of the resolution on raising the Palestinian flag at the United Nations, and has continued to sign on to BRICS declarations “oppos[ing] the continuous Israeli settlement activities in the Occupied Territories.” In Ramallah, Sushma Swaraj emphasized that India's support for Palestinians remained “undiluted.”

3.3.4.1 Latest Developments

Bilateral relations between India and Israel today stand at a unique juncture. The paradigm shift occurred two years ago, when Prime Minister Narendra Modi in July 2017 became the first Indian PM to embark on a state visit to Israel and the two countries elevated their ties to a strategic partnership. In January 2018, Israeli Prime Minister Benjamin Netanyahu reciprocated this with a visit to New Delhi. It is clear that both New Delhi and Tel Aviv are according priority to strengthening bilateral ties, a pillar of which is defence. This is driven by their respective national interests—i.e., India's long-sought goals of military

modernisation, and Israel's comparative advantage in commercialising its arms industries. India was the largest arms customer of Israel in 2017 with sales worth US\$715 million.

The Israeli imports are instrumental for India in patrolling and surveillance purposes in peacetime and eases the operational ability of armed forces in wartime. For instance, the missile defence systems, PGBs, and ammunition provided by Israel played a crucial role in controlling the escalation between India and Pakistan post-Balakot air strikes. The export-oriented Israeli defence industry and its openness to establishing joint ventures complement both 'Make in India' and 'Make with India' in defence.

Israel has always been a 'no-questions-asked supplier', i.e., it transfers even its most advanced technology without placing limits to its use. Some of the Israeli technologies utilise US components because of which the US has veto powers over the sale of those technologies. With improving strategic understanding between India and the US – especially as the US sees a major role for India in maintaining the balance of power in the Indo-Pacific – more technologies are likely to be transferable in the future. These factors make Israel a potential 'all-weather' defence partner for India.

Moreover, in the last two decades, strategic cooperation between Israel and India has expanded from arms trade to space and counter-terrorism and intelligence sharing. For instance, the Indian Space Research Organization (ISRO) has teamed up with the Israel Space Agency (ISA) for joint programmes in space cooperation. ISRO launched TecSAR – the Israeli Synthetic Aperture Radar (SAR) satellite – in January 2008, which was followed by the launch of the IAI-assisted India's own radar imaging satellite RISAT-2.

India and Israel also signed a Memorandum of Understanding (MoU) on cyber security during the state visit of Prime Minister Netanyahu to New Delhi in January 2018. The MoU seeks to promote cooperation in skill development and training programmes in the field of cyber security. The booming industry expertise in Israel can compensate for the lack of cyber infrastructure in Indian industries. The Indian company Tech Mahindra is collaborating with the Israel-based ELTA systems to provide cyber solutions to government and enterprise customers in the country.

The strategic cooperation between India and Israel carries immense potential and is only set to grow further. The arms trade will remain the bedrock of this bilateral engagement as the two nations seek a wider convergence. The arms trade between New Delhi and Tel Aviv has ensured that bilateral ties—which may have wavered in the past—have become sustainable in recent years. With the ideological and leadership winds blowing in favour of a burgeoning partnership, the time is ripe for India to harness the technological expertise from Israel to modernise an ailing indigenous defence industry.

This can be witnessed in recent developments between Indo-Israel relations. Even when entire world is reeling under the threat of the Corona virus, India and Israel signed a defence agreement worth hundreds of crores in March 2020. The Defence Ministry of India signed a massive contract for purchasing more than 16,000 light machine guns worth Rs 880 crore from an Israeli firm for frontline troops.

3.3.5 LET US SUM UP

Over the past 60 years, India's Israel policy has been rooted in pragmatism. Although India initially opposed the creation of Israel, strategic cooperation caused Indo-Israeli relations to warm from the 1960s onward without alienating the Arab World. Today India maintains close relationships with both Israel and Arab nations. Due to its close ties with both parties, India has the potential to play a major role in the peace process between Palestinians and Israelis. India is in a position to serve as an honest, unbiased broker, a role that the United States has struggled to fill. However, India's relations with Israel are not problem-free and it has not been feasible to keep the two relationships (With Israel and Arab world) entirely insulated. For example, in the Israeli press, there was criticism of the Indian President's lack of mention of Palestinian violence, during his visit in October 2014.. The Indian President and the foreign ministry also found themselves having to explain the president's remark in Israel that "religion cannot be the basis of a state." There have been other differences between India and Israel as well, notably on Iran. There might be other difficulties in the future, stemming, for example, from: negative public and media reaction in India if there's another Israel-Palestine crisis; the stalled free trade agreement negotiations; potential Israeli defence sales to China; renewed questions about defence

acquisitions from Israel; or the behaviour of Israeli tourists in India. But the relationship is likely to continue to move forward, and increase in visibility, including with visits by Rivlin, Netanyahu, and Modi—potentially before the 25th anniversary of the two countries establishing full diplomatic relations on January 29, 2017.

3.3.6 EXERCISE

1. Critically analyse evolution of Indo-Israel Relations.
2. Write a note on evolving Security, Defence, economic cooperation between India and Israel.
4. Do you agree with the proposition that ever since NDA assumed power under Narendra Modi the Indo-Israel relations moved to a higher trajectory.

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – III: WEST ASIA AND CENTRAL ASIA

3.4 INDIA'S POLICY TOWARDS CENTRAL ASIA: MAJOR TRENDS

- Rajnish Saryal

STRUCTURE

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3.4.0 OBJECTIVES

The present lesson analyses India's relation with Central Asian Republics. After going through this lesson, you will be able to know:

- the India's historical connectivity with the Central Asian region;
- the opportunities and threats India is facing from the Central Asian region in the post-Cold War Period;
- India's major interests in Central Asian region and its efforts to meet these interests.

3.4.1 INTRODUCTION

India's foreign policy outlook has been subject to a growing public, policy and scholarly scrutiny. The interest in India's foreign policy among the scholars of International Relations has grown particularly in view of the expectation that country's international interactions may become a defining feature of what is increasingly perceived to be a nascent 'Asian century'. Emilian Kavalski, thus, argued that India's relations with Afghanistan and the post-Soviet states of Central Asia have greatly contributed to this increasing interest in the practices of India's 'enlightened Self-interest' in its extended neighbourhood.

The relations between South Asia and Central Asia go back to antiquity. For example there is ample evidence to confirm the regular interactions between the inhabitants of North India and the Oxus civilizations, whose members established a network of settlements across large parts of modern-day Afghanistan and Central Asia as far back as the Bronze Age (2300-1700 BCE).

The importance of Central Asia region for India is well captured by Pranab Mukherjee while he in his capacity as Defence Minister of India highlighted India's ideas of herself as a stabilizer in Central Asia and advocates her economic and security concerns in the region. He said that the restoration of tradition links with Central Asia is not important only for the sake of trade and economy. Traditionally, Central Asia has been at the crossroads of trade and culture, a major hub in the Silk Route. This is the region through

which Buddhism spread as far as Mongolia and Korea. It is also the region through which Islam enriched India. Today, it is a theatre in the battle between fundamentalism and tolerance, extremism and moderation in Islam with fundamentalist outfits actively trying to destabilise the secular governments of the region. India has a secular policy that share with liberal democracies, values of democracy, fundamental, and religious freedoms. It is by virtue of its historical character, composition, size, population, economy and military strength and experience, a natural bulwark against fundamentalist extremism and a factor for peace and stability in Asia. By nature, India is not inclined to export ideologies, even ideologies it believes in and follows. India would rather promote democracy in the region by percept and example. Freer traffic between India and Central Asia would be a factor in favour of moderation and democracy there. The next section will look into India's engagement with the Central Asian region from a historical perspective.

3.4.2 INDIA-CENTRAL ASIA RELATIONS: HISTORICAL PERSPECTIVE

Historically, India has been closely linked to Central Asia through the famed silk route and periodic spurts of invasions from the region, both of which resulted in unleashing the movement of people, goods, and culture. Vivid impressions of this interaction are visible in classical Indian literature, poetry and the Sufi strand of Islam. However, its ties with Central Asia waned following the consolidation of the British Indian Empire around the mid-nineteenth century, and even though these were revived in the years following independence, they failed to acquire any depth or intensity. Indian presence in Central Asia was characterized by its closeness to the Kremlin following the Sino-Indian border conflict of 1962, which was further strengthened by the Sino-Soviet schism. Also, even though India managed a cultural anchor in the region under the Indo-Soviet Friendship Treaty of 1971, its presence in the region nevertheless remained 'muted' and constrained by its ties to the Kremlin, as also the lack of vision for a broader engagement with the region. The end of the Cold War, following the sudden and swift collapse of the Soviet Union left the Indian political establishment in shock and ushered in a cataclysmic shift in its foreign policy discourse – away from Nehruvian idealism towards realism and pragmatism.

This trend was reflected in India's foreign policy doctrine of 1997 that referred to Central Asia as "our near abroad". Public rhetoric to the effect also gained momentum,

especially with the coming to power of the BJP (Bhartiya Janta Party) and its proclaimed ambition to make India occupy the global political centre stage.

These changes in the Indian strategic and foreign policy discourse concerning Central Asia have to be understood in the context of the larger ideological and political realignments of the post-Cold War era. Also, these shifts seem well-anchored in the basic geostrategic and political facts. The dissolution of the Soviet Union lifted the ideological shackles off India's foreign policy, while the creation of a unipolar world order demanded a reconceptualization of the terms of its international engagement. In Central Asia, the Soviet breakup led to the creation of five independent republics in the region. Serious Indian engagement with the region began late in the day and although off late, India has managed to acquire a tenuous foothold in the region; nonetheless, its presence remains below expectation.

India's attempted re-engagement in Central Asia over the last decade has been spurred on by a need to realize Indian interests in four broad areas. First, and most crucially, to give India a footprint on the hydrocarbon map of the region to diversify and secure energy sources vital to India's growth momentum. Second, following the Soviet collapse and in view of Pakistan's pursuit of a strident Islamist agenda, India's security interests demanded a need to check the rise of radical Islam as a political force in Central Asia. Third, it was vital to keep a tab on drug trafficking and potential weapons proliferation in this geostrategically important region. Fourth, promote interests in the commercial arena. India cannot leapfrog its way to the global high table without demonstrating effective initiative at the regional level - Central Asia being an important regional constituent. In the whole, Central Asia as is explained above constitute both as a source of opportunities and threats for India.

3.4.2.1 Central Asia as a Region of Opportunity for India

The opportunities emerge from the exchange of goods and ideas associated with scholarly, religious and economic connections between India and Central Asia. Buddhism travelled out of India and through Central Asia spread to other parts of Asia. The Bamiyan Buddhas which stood in central Afghanistan since the beginning of the sixth century until

their destruction by the Taliban in March 2001 were just example of this heritage. Likewise, traders traversing the paths of the ancient Silk Road developed economic relations that exchanged not only goods but also knowledge which assisted innovation and the development of new technologies. For instance, the *noria* – an ancient waterwheel for irrigation which pumped water out of rivers – offer an example of a device which as argued by Habib depending on the interpretation of historical evidence, either came to India via the Silk Road or originated in India and was then spread to other parts of the ancient world. Also artists, priests, traders, and travellers – especially, during the Mughal period – journeyed between the main cities of Central and South Asia establishing an interconnected and interdependent network of cultural, economic, and political mutuality.

3.4.2.2 Central Asia as a Region of Threat for India

The framing of Central Asia as a region of threat reflects the experience of war and conflict. India has consistently been invaded from the north by armies passing through or originating in modern-day Afghanistan and Central Asia. In this respect, history seems to suggest that the region needs to be perceived as ‘the conduit for destabilizing factors’ for India’. For instance, going back to the Vedic tradition, one of the foundation myths of contemporary India depicts the Indo-Aryan invasion of the subcontinent and the destruction of the local Dravidian population. While the Indo-Aryan onslaught tends more often than not to get a positive spin in Indian historiography, subsequent ones have fared less favourably. The Kushan Empire is probably one of the earliest instances of many attempts to bring Central Eurasia and South Asia into a single polity. The Kushan polity had its origin in its northern Afghanistan but quickly moved to cover the territory of the post-Soviet states of Central Asia, Afghanistan, Pakistan, and much of northern India’s Gangetic Plain. As Robert D. Kaplan insists, such expanse is not only ‘mind-boggling’, but the domain of the Kushan Empire comes to remind us that ‘currents borders do not necessarily indicate the last world in political organization of Central and South Asia.

It was, however, with the advent of Islam in Central Eurasia that bilateral relations with the subcontinent gained particular significance to the imaginary of Indian strategic thinking. As Marlene Laruelle points out, while north India had been subjected to pillage by Turkic, Uzbek, and other Central Eurasian armies since the tenth century, it was the

establishment of the Mughal Empire in the sixteenth century the constitute ‘the real jewel in the crown of historical arguments advanced by the Central Asian states and India alike in order to exalt their age-old traditions’. On the one hand during the more than three centuries of Mughal rule, a contiguous cultural space emerged between Central and South Asia, bringing in creative interaction both regions.

The colonisation of India gave another angle to the history of bilateral relations of this region. As a number of commentators have noted, through the establishment of strong polity, the British managed to reverse the general calculus between the two regions to the extent that that probably for the first time in their relations it was India who was projected hard power toward Central Eurasia. This proactive ‘forward foreign policy’ strategy of the British Raj culminated ultimately limiting the Russian influence by ‘checkmating it with the creation of the Wakhan Corridor’.

3.4.2.3 India-Central Asia Relations in the Post Independent Period

Post-independence India’s relations with Central Asia were shaped by Delhi’s closeness to the Soviet Union, especially after the Sino-Indian border conflict of 1962. Constrained by its ties to the Soviet Union, as well as by a general inward-looking focus during the Cold War period, India’s presence in the region was mostly limited to cultural exchanges. After the signing of the Indo-Soviet treaty in 1971, cultural exchanges between India and Central Asia increased, and Indian culture and films enjoyed considerable popularity in the Central Asian republics. These contacts translated into affective foreign policy when Uzbekistan, Tajikistan, Turkmenistan, Kazakhstan and Kyrgyzstan emerged as independent states in August 1991.

3.4.3 THE GEOSTRATEGIC FACTORS IN INDIA-CENTRAL ASIA RELATIONS

India’s historical relations with Central Asia influence how the region is perceived today, and thus how Indian policies are shaped. In particular, India’s approach to Central Asia is conditioned by its profound distrust of, and tensions with, Pakistan. India’s ability to access Central Asia is vulnerable because Pakistan’s geography – and at times its deliberate policy of obstruction – cuts India off from the region. Given Afghanistan’s close

geographical proximity with Pakistan and its troubled history, New Delhi's primary concern in the wider Central Asia region is Afghanistan. India's fear in the past and for the future is that if Afghanistan falls under the Taliban's sway, it could give rise to a succession of radicalised Islamic societies throughout Central Asia. This would have a destabilising effect not only in Central Asia but also in Pakistan. Conversely, an Afghanistan at peace and governed along secular lines would strengthen India's position vis-à-vis Pakistan. Thus India supported the Najibullah regime during the 1980s against the pro-Pakistani Islamist mujahidin trying to topple it. And similarly, India strongly backed Hamid Karzai's government as a bulwark against Pakistan and its perceived surrogates in Afghanistan.

Since August 1991, India has also been concerned to counter the influence of its arch-rival, Pakistan, in Central Asia. Islamabad boasted that close links with Central Asia would enable Pakistan to acquire strategic depth in any future war against India. The prospect led some Indians to conjure up visions of India as a Hindu island, marooned in a Muslim sea; but the government realizes that Pakistan will not make much headway in Central Asia by exploiting religion.

The leaders of Turkmenistan, Tajikistan, Uzbekistan, Kazakhstan and Kyrgyzstan are secular, all are former communists. Uzbekistan's President Islam Karimov's *Hajj* to Mecca in 1992 has not stopped him from persecuting real or imagined 'Islamic' opponents at home. Central Asia's rulers are wary of Pakistan because of its support for the mujahedin in the Afghan civil war. Moreover, Pakistan is not the only player in Central Asia: several Middle Eastern countries, including Turkey, and Iran, are vying for influence in the region, and are undercutting rather than supporting one another. Nevertheless, Pakistan is doing its best to enhance its influence in the area. There has been an exchange of visits by religious luminaries from Pakistan and the Central Asian states. Islamic organizations in Pakistan have made donations for promoting religious education and building mosques. Pakistan is also interested in new road and air links with Central Asia. It seeks communication by road to Uzbekistan via Kabul, and to Kazakhstan via Kashgar in China. But its hopes come up against the reality that the landlocked states of Central Asia can only gain access to Pakistan through Afghanistan, and this will be impossible as long as the Afghan domestic problems last. Pakistanis also developing economic ties with the region, especially trade in

raw materials and manufactured goods. It has opened air links with the Central Asian capitals. Pakistan also anticipates obtaining supplies of power through gas and electric grid schemes or through oil supplies from Tajikistan, Turkmenistan, Kazakhstan and Uzbekistan. It has offered assistance in developing banking, insurance and stock markets, and envisages that Central Asia will be a market for its textiles and foodstuffs. Knowing that the Central Asian states would like to industrialize, it has offered help in increasing their capacity to produce cotton yarn and textiles. India regards economic cooperation as the best way to counter Pakistan's influence in Central Asia. India has offered the Central Asian republics training in management, consultancy, and construction ventures.

3.4.4 MAJOR TRENDS IN THE INDIA-CENTRAL ASIA RELATIONS

India-Central Asia relations have experienced new trends in the contemporary period. The next section will outline these trends and discuss in details the major interests and challenges that India has in this region.

3.4.4.1 India's 'Connect Central Asia' Policy

India's 'Connect Central Asia' Policy is a broad-based approach, including political, security, economic and cultural connections. On 12 June 2012 India's Minister of State for External Affairs E. Ahmed gave a Keynote address at First India-Central Asia Dialogue. He outlined some of the elements of India's 'Connect Central Asia' policy as follows:

1. India will continue to build on its strong political relations through the exchange of high level visits. Its leaders will continue to interact closely both in bilateral and multilateral fora.
2. India will strengthen its strategic and security cooperation. India already has strategic partnerships in place with some Central Asian countries. The focus will be on military training, joint research, counter-terrorism coordination and close consultations on Afghanistan.
3. India will step up multilateral engagement with Central Asian partners using the synergy of joint efforts through existing fora like the Shanghai Cooperation Organisation, Eurasian Economic Community (EEC) and the Custom Union. India

has already proposed a Comprehensive Economic Cooperation Agreement to integrate its markets with the unifying Eurasian space.

4. India looks to Central Asia as a long term partner in energy, and natural resources. Central Asia possesses large cultivable tracts of land and it sees potential for India to cooperate in production of profitable crops with value addition.
5. The medical field is another area that offers huge potential for cooperation. India is ready to extend cooperation by setting up civil hospitals/clinics in Central Asia.
6. India's higher education system delivers at a fraction of the fees charged by Western universities. Keeping this in mind, India would like to assist in the setting up of a Central Asian University in Bishkek that could come up as a centre of excellence to impart world class education in areas like Information Technology, management, philosophy and languages.
7. India is working on setting up a Central Asian e-network with its hub in India, to deliver, tele-education and tele-medicine connectivity, linking all the five Central Asian States.
8. Indian companies can showcase its capability in the construction sector and build world class structures at competitive rates. Central Asian countries, especially Kazakhstan, have almost limitless reserves of iron ore and coal, as well as abundant cheap electricity. India can help set up several medium size steel rolling mills, producing its requirement of specific products.
9. As for land connectivity, India has reactivated the International North-South Transport Corridor (INSTC). India and Central Asian nations need to join combined efforts to discuss ways to bridge the missing links in the Corridor at the earliest and also work on other connecting spurs along the route.
10. Absence of a viable banking infrastructure in the region is a major barrier to trade and investment. Indian banks can expand their presence if they see a favourable policy environment.

11. India will jointly work to improve air connectivity between our countries. India is one of the biggest markets for outbound travellers estimated at USD 21 billion in 2011. Many countries have opened tourist offices in India to woo Indian tourists. Central Asian countries could emerge as attractive holiday destinations for tourists and even for the Indian film industry which likes to depict exotic foreign locales in its films.
12. Connections between peoples are the most vital linkages to sustain deeper engagement. The emphasis would be on exchanges between youth and the future leaders of India and Central Asia. India already has a robust exchange of students. India will encourage regular exchanges of scholars, academics, civil society and youth delegations to gain deeper insights into each other's cultures.

3.4.4.2 The Shanghai Cooperation Organization (SCO) and Indian Aspirations

New Delhi sees connectivity with countries under the Shanghai Cooperation Organization (SCO) as crucial to augment India's trans-regional ties. It is clearly ready to work with regional entities to bridge Central and South Asia. In areas ranging from information technology and entrepreneurship to energy and disaster management, India and the SCO look set to accelerate the pace of cooperation in the years to come.

At the (SCO) Summit in Beijing, in 2012, India said that it would be happy "to play a larger, wider and more constructive role in the SCO as a full member, as and when the organization finalizes the expansion modalities." India also welcomed the general trajectory of the SCO towards expansion and redefinition of its role "to deal more effectively with the common challenges of security and development in the region." India's foreign secretary was simply echoing New Delhi's long-cherished desire to be a major player in the Eurasian region.

The SCO Council of Heads of Government meeting in Tashkent in November 2013 saw a growing enthusiasm from India for a more proactive role in Central Asia. The comments made by Indian Foreign Secretary Sujatha Singh at the conference is a clear indication that New Delhi has already committed to initiating steps to apply for a full membership of SCO.

Two issues Singh highlighted at the meeting also attracted considerable attention. She said that the SCO should “step up its engagement in the rebuilding and reconstruction of Afghanistan, through common projects and financial commitments. India would then support the efforts by Russia to craft common SCO positions on Afghanistan.” Noting that terrorism is the major threat to the security and stability of Afghanistan, Singh pointed out that a long term solution could be “achieved by supporting the efforts made by Afghanistan itself to begin an Afghan-led dialogue on reconciliation with the armed opposition forces, provided that these groups respect the principles adopted by the international community.”

Moreover, while recognizing “the inalienable right of all states to use nuclear energy for peaceful purposes in accordance with universally agreed international norms, conventions and obligations,” Singh said that New Delhi has been “encouraged by the recent tidings about the multilateral dialogue in Geneva to explore a comprehensive settlement of the Iranian nuclear question, through political and diplomatic means. The positive resolution of this issue can lead to multiple and far-reaching benefits across the region, including in the SCO space.” India’s references to the two issues (Iran and Afghanistan) must be seen in the larger context of expanding New Delhi’s “Connect Central Asia” policy, which it has been seeking to institutionalize for some time. This is again a part of India’s wider dream of “New Asianism.”

As we understand from above, India has shown its keen interest on becoming a full member so as to contribute effectively to issues of common concerns. However, initially on the issue of elevating India’s status to membership there were discordant views and scepticism amongst the member countries. Russia has been on the whole supportive of India’s candidature. Ever since the decision to expand the organization was being considered, Russia favoured India’s inclusion. And Russian Foreign Minister Sergey Lavrov in an interview said that, India’s and Pakistan’s elevation would boost the international authority of the SCO. Two factors explain this thinking, according to Alexander Lukin, first, Indian admission would significantly increase the SCO’s political weight and economic attractiveness among developing countries. Second, some analysts in Russia fear too rapid growth of China’s economic role in Central Asia. From this point of view one could only welcome India’s admission to the SCO as this country can make a significant contribution

to the Central Asian countries and help diversify their external economic relations. The CARs have always supported India's inclusion into the SCO. They viewed India as a soft balancer against the two leading powers, as it would strengthen their multi vector foreign policies.

The 15th SCO summit held in the Russian city of Ufa in July formally approved a proposal to admit India and Pakistan as regular members. Technically, India and Pakistan will become the members of SCO by 2016 after completion of certain procedures. This membership will help India to work with the 6 members grouping to enhance connectivity, combat terror and create an environment for boosting trade by easing barriers.

Prime Minister Narendra Modi responded with an offer to work with the six-member grouping to enhance connectivity, combat terror and create an environment for boosting trade by easing barriers. He stated that "I convey our deep sense of gratitude to the members of SCO for accepting India as a full member. Our membership of Shanghai Cooperation Organisation is a natural extension of the relationship that India has with member countries" and "mirrors the region's place in India's future".

3.4.5 INDIA'S MAJOR INTERESTS AND CHALLENGES IN CENTRAL ASIA

New Delhi now has strategic partnership with three of the five Central Asian Republics and trade is also picking up, though slowly. In 2012, India announced the 'Connect Central Asia' policy, and also announced to hold an India-Central Asia Dialogue at Track II annually in one of the republics. These measures are contributing to the closer ties. Though India and Central Asian countries enjoy cordial relationship, the economic engagement between the two sides has been much below its potential. The countries of Central Asia are endowed with significant hydrocarbon and mineral resources and are close to India geographically. Kazakhstan is the largest producer of uranium and has huge gas and oil reserves as well. Similarly, Uzbekistan is also rich in gas, and is an important regional producer of gold along with Kyrgyzstan. Tajikistan has vast hydropower potential besides oil deposits, and Turkmenistan has the fourth largest gas reserves of the world. Geographically, the strategic location of these countries makes them a bridge between

different regions of Asia and between Europe and Asia. Although the significance of the region in India's economic and energy security is clear, lack of direct surface connectivity has been affecting the economic engagement. However, the recent inauguration of Kazakhstan-Turkmenistan-Iran railway line has given the region a short access to the Indian Ocean. India, on the other hand, has been making investment in Iran's Chabahar port. This alternative route has eased the business connectivity of the outside world with the region.

3.4.5.1 Economic Interests

The economic development in the countries of Central Asia, especially in Kazakhstan and Turkmenistan, has been driven primarily by the exploitation of hydrocarbon and other mineral resources. This has led to growth in construction, telecom, software and ancillary industries, leading to an increase in the purchasing power and disposable income for the people to spend more both on purchase of goods and undertaking foreign travels. Further, after achieving a certain level of economic growth, the regional countries want to diversify their oil economies and also integrate them with the global economy. Kyrgyzstan and Tajikistan have joined the WTO and Kazakhstan is poised to become a member. India, with its impressive growth rate, is seen by the Central Asian countries as a potential partner for stronger economic development. After the dissolution of the Soviet Union, the Eurasian Economic Union (EEU) has been launched with the Russian initiative and two Central Asian republics of Kazakhstan and Kyrgyzstan are its members. The Union provides a big market with defined rules for greater business and economic exchanges. The Central Asian republics have also responded to other big regional economic initiative; One Belt One Road programme of China. India, on the other hand, has become a membership of the regional Shanghai Cooperation Organization (SCO), indicating that New Delhi is ready to engage the region bilaterally as well as multilaterally. Therefore, it is clear that the region is set to witness increased economic activities and Indian business leaders are expected to play a greater role in the progress. Now that the connectivity problem has been significantly addressed and the regional countries also want India to play greater and significant economic roles in Central Asia, New Delhi seems set to increase its footprint in the vital region in its extended neighbourhood. As the Prime Minister has undertaken a maiden visit to all republics

in July 2015, the new government has already indicated its agenda to engage the region on priority. Prime Minister Modi's foreign visits are goal-oriented and it is expected to boost the ties between the region and India.

Many Indian businessmen doing businesses in Central Asian countries often say that non-presence of Indian banks in the republics has been affecting the bilateral trade. Though in Kazakhstan an Indian bank, Punjab National Bank's subsidiary is present, there is a need to open branches of Indian banks at least in the capital city of each republic. Alternatively, the business leaders from India can establish a bank on the Public Private Partnership (PPP) model with the governments and private capitals from the region and India. It will greatly boost the trade and ease business transactions.

India, now a US \$ 2 trillion economy, has developed expertise in information technology and IT enabled services sector, pharmaceuticals, research and development, services sector and agriculture. The country can play a significant role in the economic development of Central Asian countries, which are looking for markets for their energy resources and are also eager to diversify their economies. Similarly, the region can play an important role in meeting India's energy security. India's OVL is active in the Satpayev block of Kazakhstan. Besides, the long proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) is another significant energy project. Nevertheless, the increased oil income in Central Asia has provided impetus for growth in construction, engineering consultancy, market research, management services, software development, mining processes, outbound tourism and increased expenditure on health. India has developed expertise in these niche areas. Besides, these are primarily virtual products and can be transported easily, allowing the country's business to overcome connectivity issues. There is a great demand for Indian pharmaceutical products in the region. This sector is quite advanced and Indian pharmaceutical companies are known across the globe with their medicines being exported across the continents. Indian pharmaceutical companies can establish Joint Ventures (JVs) with Kazakh and Kyrgyz partners and cater to the markets of Central Asia as well as the EEU.

The region of Central Asia is now generating outbound tourism, including for medical purposes. India has advanced medical facilities, but people from these republics visiting

the hospitals face language and communication problems. Provisions of licensed interpreters can help reduce their problem and encourage others to come for treatment in Indian hospitals. India also has many architectural and historical sites, particularly of the medieval period, which are of great interest to the people from Central Asia. Thus, measures in the field of tourism specifically targeting the people from Central Asia would make India a favourite destination for them. Agriculture and food processing is another promising area of cooperation between India and Central Asia. The countries of the region have huge tracts of arable lands available and the farmers, particularly in Kyrgyzstan, generally, do not use fertilizers. Thus, there is scope for organic farming and organic products, which is in demand in the nearby health-conscious European markets. Besides, agricultural cooperation can also be of help in India's food security. The similarity in the topography of Kyrgyzstan and Kashmir state of India opens the possibility to explore joint saffron cultivation and floriculture as practised in Jammu and Kashmir. Tajikistan and Kyrgyzstan have huge hydropower potential and both want to explore the resources. The hydropower resources of Tajikistan consist of 317 billion kWh per year and only 3-4 per cent of it has been utilized so far. The Kyrgyz rivers energy potential is about 160 billion kWh per year, and currently only 10 per cent of the potential is used. Indian hydropower companies, including from the private sector, can invest in small and micro hydropower plants in the region. The entertainment industry is another area of potential engagement. The scenic beauty in the region; from steppe and deserts to snow-clad mountains to world famous Lake Issyk-Kul, provide the Indian film and entertainment industry, which is already very popular in Central Asia, very affordable and close-by locales to shoot Indian films and TV serials. This will help significantly in lowering the cost of film production in India and expanding Indian cinema market in the region. There is a general lack of awareness in India and in Central Asia about each other's potential. There is a need to increase media awareness in the two sides and inform the business community and the public opinion about the opportunities in the neighbouring regions. An electronic interface in English and Russian languages having details of business and economic potentials can be of great help in boosting commercial engagement.

3.4.5.2 Energy Interests

With energy increasingly being viewed as a vital component of what is now broadly defined as 'national security', cultivating alternative sources of energy and reducing

dependence on the volatile Middle Eastern region has become a vital concern for India. Assured, uninterrupted supply of energy is critical for keeping India's economic engine in motion. Its dependence on imported oil is projected to skyrocket from the current levels of 72 per cent to 83 per cent by 2030; hence, the anxiety to reconceptualise its strategic perspective. Thus, diversifying and expanding its international sources of energy has been a major Indian policy thrust for the past decade, so it is no surprise that energy cooperation is at the heart of India's engagement of Central Asia. The weight attached to the issue is reflected in a speech by India's President at that time, Dr. A.P.J Abdul Kalam: "...my government will give full importance to synchronizing our diplomatic activity with our need for energy to fuel our development needs." Central Asia is home to an estimated 4 per cent (270-360 trillion cubic feet) of the world's gas reserves, while the oil reserves are pegged at 2.7 per cent (13-15 billion barrels). Kazakhstan has substantial oil; Turkmenistan has gas; Uzbekistan has more modest hydrocarbon resources; and Kyrgyzstan and Tajikistan have surplus hydro power. The big challenge that remains unresolved, however, is how to get Central Asian energy resources to the Indian market. India has initiated some steps in harnessing the region's energy potential which have yielded limited results thus far.

The Indian government has been engaged in a series of protracted negotiations involving a 1680 km-long pipeline, to be constructed at an estimated cost of US \$7.6 billion, expected to transport 30 billion cubic meters of gas from Dauletabad gas fields in Turkmenistan via Afghanistan and Pakistan to India. Kazakhstan, with the largest proven oil reserves in the region and three of the world's richest hydrocarbon fields, is hence of prime importance in India's energy security policy formulation. In recent years, the international branch of the Indian state-owned ONGC Videsh (Oil and Natural Gas Corporation) has begun investing in oilfields in Central Asia. ONGC has picked up a 15 per cent stake in the Alibekmola oil field and is slated to invest to the tune of US \$1.5 billion in the Kurmangazy oil field in the Caspian Sea – both of which are located in Kazakhstan.

India is also actively looking into importing gas from Turkmenistan via a potential Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline. This is a more uncertain venture, however, because Turkmenistan is sending most of its already discovered gas out via pipelines through Russia, and has been unwilling thus far to provide the long-term supply

commitments needed to finance a new pipeline. In any event, a pipeline from Turkmenistan to India would need to go through Afghanistan and Pakistan, with all the political and security complications that implies.

Kazakhstan also has large quantities of highly enriched uranium (between 10,590-10,940 kgs). This assumes significance in light of the recent NSG waiver for the Indo-US civilian nuclear cooperation that would allow India to procure much needed uranium for its civilian nuclear program, which in the long run could potentially help diversify the country's energy base. In sharp contrast, while Uzbekistan has modest hydrocarbon reserves, it holds the third-largest uranium deposits in the world. Tajikistan too holds fairly sizeable reserves of uranium ore and the potential for its enrichment. Thus, the Central Asian region can be tapped by India as a potential source of the direly-needed uranium to sustain its civilian nuclear programme.

3.4.5.3 National Security

Central Asia is of vital importance to India not just in terms of energy security but also for reasons of national security. New Delhi sees the region as a source of religious extremism and is concerned to check the rise of radical Islamist groups which may present a terrorist threat. Since the demise of the Soviet Union, Central Asia has been a fertile recruiting ground for such groups, and there are reportedly scores of jihadist groups based in the region. Given the transnational nature of these groups, including links with the Taliban and other militant groups in neighbouring countries, this generates a high degree of unease in New Delhi. The fear is that if the emergence of jihadist groups is not checked, they will eventually pose a serious threat to India's security, especially in the contested state of Kashmir. This concern is exacerbated by the situation in Afghanistan. There is a prospect of increasing insecurity in Afghanistan following the NATO withdrawal in 2014, which may spill over and destabilise fragile Central Asian states. Furthermore, New Delhi fears that a resurgent Taliban integrated into Afghan power structures post-withdrawal will be counter to India's interests. These security concerns are compounded by the proliferation of drug-trafficking in Central Asia. Weak border management and high levels of corruption, coupled with the failure to stem opium production in Afghanistan, have made drug-trafficking an extremely lucrative industry. Much of the money generated provides a vital source of

funding for jihadist groups. For these reasons India is keen to play a bigger role in Central Asia's security matrix and to prevent real and perceived threats to its national security. Over the past decade, New Delhi has sought to enhance its security assets in the region, notably through the acquisition of a first foreign military outpost in Tajikistan. Tajikistan is of particular concern for India since only a narrow 20 km stretch of Afghan territory separates it from Pakistan-administered Kashmir. India began to refurbish the airbase at Ayni in 2004, reportedly spending \$70 million as part of its aid to Tajikistan. Although New Delhi never publicly announced its intentions, there was speculation in the media that a squadron of MiG 29 bombers would be stationed at the airbase. The Ayni airbase was seen by some as emblematic of India's growing strategic aspirations and an attempt to project Indian military power in Central Asia. Not only would it enable India to respond to situations in the region that threatened its security, it also increased India's options in the event of heightened tensions with Pakistan, since it would enable India to strike at Pakistan from the rear.

3.4.5.4 Military Cooperation

Closer defence ties between India and the countries of Central Asia have the potential to address many common security concerns both traditional and non-traditional. Certain historic and geo political factors will however dictate that the evolution of these ties is cautious and gradual. The historic legacy of being post-Soviet space and its territorial contiguity with other regional players make Central Asia a region of interest for both India's strategic partners and rivals. Since 1992, the Collective Security Treaty Organisation (CSTO) under Russian patronage has provided the framework security apparatus for the region. Russia continues to supply air defence in the region. Due to the long-standing strategic engagement between India and Russia, India has maintained a gradualist approach to building its relationships in Central Asia. Since the break-up of the Soviet Union however, Central Asia has undergone progressive demilitarization of its indigenous industry.

India's growing defence cooperation with countries of this region presents the prospect of a market opportunity for Indian defence industry over the medium-long term. India's principal military cooperation has been with Tajikistan, which is India's closest neighbour in Central Asia. Like India, Tajikistan has had important ties to the Northern

Alliance in Afghanistan, the group whose imminent arrival in Kabul in 2001 led to the fall of the Taliban government. India rebuilt and refurbished an air base at Ayni, outside the Tajik capital of Dushanbe. Reports that India has a “base” there seem to be exaggerated, and have been denied by Delhi. India is interested in deepening defence cooperation, and has offered to train military personnel in Tajikistan. India has conducted several joint military exercises in both Tajikistan and Uzbekistan. India’s security interests also include counter-terrorism. It has developed working groups on this subject with Kazakhstan and Tajikistan. India has also been carefully watching the region’s religious fundamentalist groups, primarily the Islamic Movement of Uzbekistan. This is a subject of concern to all the governments in Central Asia, who worry about the impact of instability in Afghanistan.

3.4.5.5 Drug Trafficking and Weapons Proliferation

The Central Asian region is strategically located between two nuclear superpowers, Russia and China, as well as their nuclear armed neighbours Pakistan and India. Central Asia previously served as a raw materials base for the Soviet weapons program, with Kazakhstan holding large reserves of highly enriched uranium, while Kyrgyzstan has substantial amounts of nuclear waste scattered around. Uzbekistan and Tajikistan hold sizeable uranium reserves and the potential for its enrichment. This, coupled with the absence of special-detection equipment at border and customs checkpoints, rampant corruption and little political will, have the potential to render the region highly susceptible to and a lucrative route for smuggling fissile material. This has serious security implications as there is potential danger of proliferation of lethal weapons technology and material into the hands of not just states hostile to India, but also non-state actors like the Taliban, al-Qaeda and groups like the IMU linked to them. This assumes further significance in light of a resurgent Taliban that will not lose out on the opportunity to use to its advantage the porous Tajik-Afghan border. Drug trafficking potentially poses a major security threat to ‘the region’. The poor state of border management and rampant corruption, coupled with soaring opium production in neighbouring Afghanistan – all spell a dangerous trend. India needs to pay greater heed to drug trafficking, since much of the money generated is used to fund activities of extremist Islamist terror networks that possess the ability to foment trouble for India in the long run. This is an area where India has a broad overlap of

interests with three other key players in the region: the US, Russia and China, with whom it could engage in multilateral cooperation.

3.4.6 INDIA-CENTRAL ASIA RELATIONS: LATEST DEVELOPMENTS

India's 'Connect Central Asia Policy' was reinforced in 2015, when Prime Minister Narendra Modi became the first Indian head of state to visit all five nations between July 6 and 13. Since then there has been significant progress in cooperation, particularly in the fields of defence, energy and connectivity. This renewed focus on the region can be attributed to the changing geopolitics of the region, particularly the formation of China's Belt and Road Initiative (BRI) and the external security threats to the region. The convergence of China's BRI projects in the region with India's unrealized economic interests there has prompted the latter to adopt a more proactive approach and look at new avenues for economic cooperation. Since China has been able to leverage its geography, finances and population to ensure that its projects can contribute toward making its dream of a new and improved Silk Road a reality, India is also committed to expanding the scope of its economic relations with the region.

Beyond economics, the regional security challenges in Central Asia also have the potential of spilling over into India. The increasing Islamic radicalization has become a major security concern for the governments of the region. Following the start of Syria's civil war and the rise of the Islamic State (IS), estimates suggest that several thousands of Central Asians, ranging from 2000 to upwards of 4000, migrated to join the terrorist group. As the IS began losing their territories in the Middle East, concerns emerged about the return of foreign fighters to their home states as well as the responsibilities of those home states toward them and their families. Earlier this year, Kazakhstan conducted an operation to evacuate 231 citizens from the Syrian conflict zones and Uzbekistan repatriated 156 citizens.¹⁹ Given its experience in successfully tracking down and limiting the influence of the IS domestically, India's agenda in Central Asia includes cooperation to tackle terrorism and radicalization.

At the bilateral level, India has enhanced the institutional basis for its defence cooperation with the region. Notably, during Prime Minister Modi's visits in 2015, India

signed memoranda of understanding (MOUs) and agreements related to defence and military technical cooperation with Kazakhstan, Kyrgyzstan, and Turkmenistan. Reflecting the growing engagement, India and Kyrgyzstan agreed to hold their bilateral military exercise, Khanjar, annually. The following year, they agreed to construct a Mountain Training Centre to provide instruction, train personnel of the Kyrgyz Armed Forces and to host joint mountain training exercises. India also held its first joint army exercise with Kazakhstan, Prabal Dostyk, in 2016. Held annually thereafter, this was renamed as the KAZIND in 2018. Most recently, during Uzbek President Mirziyoyev's visit to India last year, both sides agreed to expand cooperation in the areas of counterterrorism, with joint military training exercises, military education and military medicine. They also agreed to institutionalize this cooperation by setting up a Joint Working Group on defence related activities.

Within the region, India has observed the strengthening of mutual understanding, dialogue and cooperation among the Central Asian states. Recognizing this as a positive step, India has explored opportunities to engage with the region as a whole rather than bilaterally or as part of mechanisms that include other external powers.

The first ever India-Central Asia Dialogue, at the Foreign Ministers' level, was held in Samarkand on 13 January 2019. It was for the first time that Foreign Ministers of all the five Central Asian countries participated in an India led-initiative, along with the Foreign Minister of Afghanistan. Through regular institutional dialogue and exchanges, this platform can help bring India and the region closer together.

Geography has placed Central Asia at the nexus of crucial political and economic transformations for centuries. With the actualization of the BRI, India's Connect Central Asia policy, and the EU's new Central Asia strategy, the 21st century could possibly be the most decisive period for the region. Stemming from its historic cultural and economic bonds, India is now well placed to take a more active role in the development of the region. India's growing global visibility and key contributions to multilateral forums – like the SCO – have catapulted India from an observer into a critical stakeholder in the region. As India looks beyond its borders, Central Asia provides India with the right platform to leverage its political, economic and cultural connections to play a leading role in Eurasia.

3.4.7 LET US SUM UP

The Central Asian republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan became independent in the 1990s. Since their independence, the republics have been engaging with the countries in the region and beyond, and India is among the first countries to establish diplomatic relations with them. New Delhi now has strategic partnership with three of the five republics and trade is also picking up, though slowly. In 2012, India announced the 'Connect Central Asia' policy, and also announced to hold an India-Central Asia Dialogue at Track II annually in one of the republics. These measures are contributing to the closer ties. Though India and Central Asian countries enjoy cordial relationship, the economic engagement between the two sides has been much below its potential.

As the issues analyses in this lesson indicate India does not see Central Asia merely as a region in the world which can serve India's economic interests but as an extended neighbourhood with whom multilayer and multilevel engagements are must. Such engagements are, in fact, in the interest of both India and Central Asia. However, there is a general lack of awareness in India and in Central Asia about each other's potential. There is a need to increase media awareness in the two sides and inform the business community and the public opinion about the opportunities in the neighbouring regions. An electronic interface in English and Russian languages having details of business and economic potentials can be of great help in boosting commercial engagement.

3.4.8 EXERCISE

1. Explain India-Central Asia relations with an historical perspective.
2. Central Asian region for India is an 'Opportunity' as well as a 'Threat'. Comment.
3. Outline major trends in India's relations with Central Asia.
4. Critically analyse the constraints for growth in India-Central Asia relations.

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – IV INDIA AND NEAR ABROAD

4.1 INDIA AND IBSA: CONVERGENCES AND PARTNERSHIP

- Suneel Kumar

STRUCTURE

- 4.1.0 Objectives**
- 4.1.1 Introduction**
- 4.1.2 Origins of IBSA**
- 4.1.3 Principles and Objectives**
- 4.1.4 Organisational Structure**
- 4.1.5 Agenda of the IBSA and India's Foreign Policy Objectives**
- 4.1.6 Areas of Cooperation and Achievements of the IBSA**
- 4.1.7 Let Us Sum Up**
- 4.1.8 Exercise**

4.1.0 OBJECTIVES

The present lesson analyses India's role in multilateral forum IBSA. After going through this lesson, you will be able to know:

- the origin of IBSA, its organizational structure and objectives;
- how IBSA's objectives are converged with India's interests in the foreign affairs;

- the achievements of the IBSA and India's partnership with the entity, and;
- the challenges before the IBSA.

4.1.1 INTRODUCTION

The IBSA Dialogue Forum sometimes also referred as G-3 is a coalition of three emerging powers – India, Brazil, and South Africa – who determined to benefit from the global power shifts. India, Brazil, and South Africa (IBSA) have transcended geographical, historical, and regional differences in order to promote their individual and collective interests and also to promote the South-South cooperation. The IBSA Dialogue Forum brings together three large pluralistic, multicultural and multiracial societies from three continents as a purely South-South grouping of like-minded countries that are committed to inclusive sustainable development, in pursuit of the well-being for their peoples and those of the developing world. It represents three important poles for galvanizing South-South cooperation and greater understanding between three important continents of the developing world namely, Africa, Asia and South America. The forum provides the three countries with a platform to engage in discussions for cooperation in the field of agriculture, trade, culture, and defence among others. Since its inception, the IBSA Forum has facilitated interaction among the Indian, South African and Brazilian academics, business leaders, and other members of civil society. The IBSA Dialogue Forum plays an increasingly important role in the foreign policies of India, Brazil and South Africa. It has become instrumental for promoting ever closer trilateral India-Brazil-South Africa cooperation and coordination on global issues. The present lesson discusses the origin, organizational structure and objectives of the IBSA. This lesson also explains the convergences of India's interests with the IBSA's objectives in international affairs and its performance along with the hindrances in way of the success of the Forum.

4.1.2 ORIGIN OF THE IBSA

The idea of establishing IBSA was discussed at a meeting between the then Prime Minister of India and the then Presidents of Brazil and South Africa in Evian on 2nd June, 2003 on the margins of the G-8 Summit. The then President of Brazil Luiz Inacio Lula da Silva found himself on the sidelines of a G-8 summit in France, along with his counterparts

from India and South Africa. The leaders of three countries had been invited to attend the G-8 summit as observers. The invitation served mostly to underscore a common frustration for the three countries. The Brazilian President Lula later argued that “What is the use of being invited for dessert at the banquet of the powerful?” “We do not want to participate only to eat the dessert; we want to eat the main course, dessert and then coffee.” Thus, the leaders of the three countries decided to address that shared frustration. Soon after the G-8 summit, these countries decided to intensify the trilateral dialogue and cooperation on the various issues of mutual interest at all levels. Foreign Ministers of the three countries Yashwant Sinha (India), Celso Amorim (Brazil) and Nkosazana Dlamini-Zuma (South Africa) met in Brasilia on 6th June 2003 where the grouping was formalized and named the IBSA Dialogue Forum while issuing the Brasilia Declaration. Its creation recognized the necessity of a process of dialogue among developing nations and countries of the South to counter their marginalization.

4.1.3 PRINCIPLES AND OBJECTIVES

The principles, norms and values underpinning the IBSA Dialogue Forum are participatory democracy, respect for human rights, the Rule of Law and the strengthening of multilateralism. Main objectives of the IBSA are given as under:-

1. To promote the trilateral exchange of information, international best practices, technologies and skills and to complement each other’s competitive strengths into collective synergies;
2. To promote cooperation in a broad range of areas, namely agriculture, climate change, culture, defence, education, energy, health, information society, science and technology, social development, trade and investment, tourism and transport;
3. To promote South-South dialogue, cooperation and common positions on issues of international importance;
4. To promote trade and investment opportunities among the three regions of which they are a part, and;

5. To promote international poverty alleviation and social development programmes.

4.1.4 ORGANIZATIONAL STRUCTURE

The IBSA, as Alexandra A. Arkhangelskaya argues, has “an open and flexible structure without a branch or permanent executive secretariat or a formal document promulgating its organizational structure.” However, time to time, various structures have been created to ensure the trilateral cooperation. The present organizational structure of the IBSA is given as under:-

- 1. Trilateral Commission:** The Brasilia Declaration established a Trilateral Commission at the level of Foreign Ministers. The Commission meets regularly. The first meeting of the Trilateral Commission was held in New Delhi on 4th-5th March, 2004. The 7th meeting of the Commission was also held in New Delhi on 8th March, 2011; 8th Meeting was held in South Africa. In addition, Foreign Ministers meet regularly before every IBSA Summit as well as on the sidelines of United Nations General Assembly (UNGA) in New York.
- 2. Joint Working Groups:** Joint Working Groups have been established to promote sectoral cooperation. At present, there are 14 Joint Working Groups in areas, Transport; Health; Education; Defence; Science & Technology; Trade & Investment; Culture; Agriculture; Energy; Public Administration and Governance, Revenue Administration, Human Settlement, Environment and Social Development. These Working Groups meet as per their respective plans. Three Agreements and 17 MoUs have been signed for pursuing sectorial cooperation among IBSA countries.
- 3. People-to-People Forums:** There are six People-to-People Forums under IBSA. These are Parliamentary Forum, Women’s Forum, Academic Forum, Local Governance Forum, Business Forum, and Editors’ Forum. There is also a Tri-nation Forum on MSME.
- 4. Focal Points:** Senior Officials from the Foreign Offices of the three countries dealing with IBSA are the designated Focal Points; Secretary (West), assisted by

Joint Secretary (MER), Ministry of External Affairs, is the IBSA Focal Point for India. Focal Points meet once a year for a standalone meeting and also meet prior to the Trilateral Commission.

5. **IBSA Business Forum:** An IBSA Business Forum was established in Cape Town, South Africa in March 2005. From India, CII, FICCI and ASSOCHAM are represented on the Council. CII coordinates India's participation in the IBSA Business Forum.
6. **The IBSA Fund:** The IBSA has the IBSA Facility Fund for Alleviation of Poverty and Hunger. Development projects are executed with IBSA funding in fellow developing countries. An annual amount of one million US dollars is contributed by each IBSA member country. IBSA projects cover least developed countries of the world including Haiti, Guinea Bissau, Cape Verde, Burundi, Palestine, Cambodia, Lao PDR and Sierra Leone. A sports complex has been completed and inaugurated in 2011 in Ramallah under the IBSA Fund. Till January 2015, the IBSA had accumulated to 28.2 million US dollars, with total implemented/approved projects commitment of 26.2 million US dollars, and remaining 2.09 million US dollars available for programming. The IBSA Fund was conferred the South-South Partnership Award at the 2006 UN Day event held in New York in December 2006. IBSA Fund received the 2010 MDG Award for South-South cooperation on 17th September 2010 in New York recognizing the work of the three countries in using innovative approaches to share development experiences in other parts of the world.

4.1.5 AGENDA OF THE IBSA AND INDIA'S FOREIGN POLICY OBJECTIVES

The broad framework of the agenda and issues of trilateral cooperation for the IBSA was drawn in the "Brasilia Declaration" of June 2003. Further, time to time, this agenda has been discussed and accepted at various levels by the three countries including India. The agenda of IBSA Dialogue Forum for trilateral cooperation is given as under:-

- 1. Respect of International Law, Strengthening of the UN and Exercise of Diplomacy:** In the Brasilia declaration, three countries gave special consideration to the importance of respecting the rule of International Law. They agreed to strengthen the United Nations and the Security Council. Special emphasis was given to prioritizing the exercise of diplomacy as a means to maintain international peace and security.
- 2. Combating of the Threats to International Peace and Security:** Member countries reaffirmed the need to combat threats to international peace and security in accordance with the Charter of the United Nations and with the legal instruments that have been signed by the Brazil, India and South Africa.
- 3. The UN Reforms:** Member countries also agreed on the need to reform the United Nations, in particular the Security Council. In this regard, they stressed the necessity of expanding the Security Council in both permanent and non-permanent member categories. They agreed that the participation of developing countries should be increased in both categories of the Security Council's membership. They agreed to combine efforts in order to enhance the effectiveness of the General Assembly and the Economic and Social Council of the United Nations.
- 4. International Cooperation to Deal with the New Security Threats:** They noted that new threats to security - such as terrorism, in all its forms and manifestations, drugs and drug-related crimes, transnational organized crime, illegal weapons traffic, threats to public health, in particular HIV/AIDS, natural disasters, and the maritime transit of toxic chemicals and radioactive waste must be handled with effective, coordinated and solidary international cooperation, in the concerned organizations based on respect for the sovereignty of States and for International Law.
- 5. International Terrorism:** International terrorism was one of the most significant threats faced by the world today. IBSA agrees that it can only be tackled collectively. According to IBSA, terrorism should only be considered with reference to the terrorist act and its consequences. There can be no political, religious, or

any other justification for terrorism. The Forum emphasizes that it is imperative today for the international community to come together to combat terrorism, in a sustained and comprehensive manner, with the ultimate objective of eradication of terrorism in all regions. Member countries reaffirmed their full support to implementing all the measures to combat terrorism outlined in the UN Security Council Resolution 1373. They called on the international community to work together in a spirit of cooperation and accommodation with the objective of an early conclusion of negotiations and the adoption of the Comprehensive Convention on International Terrorism.

- 6. Promotion of Social Equity and Inclusion:** Countries agreed to place the priority on the promotion of social equity and inclusion, by implementing effective policies to fight hunger and poverty, to support family run farms, and to promote food security, health, social assistance, employment, education, human rights and environmental protection. They recalled that social empowerment makes better use of human potentials, contributing to economic development in a significant manner. It was also accepted that the exchange of experiences in combating poverty, hunger and disease in the three countries would be of immense use to all of them. They recognized the importance of international effort to combat hunger. The three countries recognized and undertook to explore a trilateral food assistance programme.
- 7. Public Policy and Promotion of Equality:** Three countries stressed the importance, for equity reasons as well as for development goals, to address issues related to the elimination of all kinds of racial discrimination and to promote gender equality and mainstreaming a gender perspective in public policies.
- 8. Promotion of Social and Economic Development:** The IBSA countries observed that the trilateral cooperation among them is an important tool for achieving the promotion of social and economic development. While observing that their societies have diverse areas of excellence in science and technology and offer a broad range of potential opportunities for trade, investment, travel and tourism, they stressed that the appropriate combination of their best resources will generate

the desired synergy. Amongst the scientific and technological areas in which cooperation can be developed are biotechnology, alternative energy sources, outer space, aeronautics, information technology and agriculture. Avenues for greater cooperation in defence matters should also be explored.

9. Cooperation in ICT: Member countries accepted that new information and communication technologies are transforming the world at a rapid speed, and in a fundamental way. Moreover, a vast digital divide exists between the developed and developing countries. This divide is adversely affecting the capacity of developing countries to derive optimum benefits from the globalization process. Thus, there is a need to intensify trilateral cooperation in ICT, including in international efforts and initiatives towards narrowing the digital divide.

10. Cooperation on Environmental Issues and Sustainable Development: With respect to environmental issues and sustainable development, the IBSA countries recognized that the Rio Conference and its Agenda 21, the Millennium Summit and the Monterrey and Johannesburg Summits, and the Programme for the Implementation of Agenda 21, contain fundamental guidelines to orient the action of their governments and cooperation initiatives. They reaffirmed that Agenda 21 identifies the major causes of continuing deterioration of the global environment as unsustainable patterns of consumption and production and call for the necessary action as contained in the Johannesburg Program of Implementation. They also highlighted their concern over the results of atmospheric warming due to the emission of greenhouse gases and encouraged countries having emission reduction goals in the Kyoto Protocol to work to bring them into force and fully implement them, as well as urged the countries that have not signed or ratified the Protocol to do so. They also reiterated their efforts for the effective implementation of the Convention on Biological Diversity, especially the rights of countries of origin over their own genetic resources, as well as the protection of associated traditional knowledge. The fair and equitable sharing of benefits arising from the access to, use and management of genetic resources and associated traditional knowledge must be assured as a way to stimulate social and economic development, as well

as the adding of value and the processing of biodiversity-based resources in mega diverse countries. In this context, they placed special significance on the negotiation of an international instrument on benefit sharing under the auspices of the Convention on Biological Diversity, as agreed at the Johannesburg Summit. They thus expressed their agreement that the activities of the Group of Like-minded Mega diverse Countries, of which Brazil, South Africa and India are founding members, should gain even greater importance. They also emphasized the need to render the relevant parts of the TRIPS Agreement compatible with the Biological Diversity Convention.

11. Inclusive, Integrative, Humane and Equitable Globalization: While welcoming the expansion of economic growth, employment, and social development, and the accompanying rise in standards of living, in several developing countries as a result of freer movements of trade, capital, and technology, the IBSA countries argued that large parts of the globe have not benefited from globalization. According to them, globalization must become a positive force for change for all peoples. It must benefit the largest number of countries. In this context, they affirmed their commitment to pursuing policies, programmes and initiatives in different international forums, to make the diverse processes of globalization inclusive, integrative, humane, and equitable. The IBSA countries regretted that major trading partners are still moved by protectionist concerns in their countries' less competitive sectors. They stressed the need to fully carry out the Doha Development Programme. They emphasized on the improvement of rules of the multilateral trade system. While raising their concern about the increased economic vulnerability of developing countries to fluctuations in global prices of commodities, they affirmed the importance of a fair, predictable, rule-based, and transparent international trading system. This would enable the developing countries to maximize their development, through gains from enhanced exports of goods and services of their competitive advantage. They drew attention to the economic and social impact suffered by many developing countries in recent years, as a result of volatile global financial flows. They agreed to strengthen their cooperation towards making the international financial architecture responsive to development,

and towards increasing its effectiveness in preventing and addressing national and regional financial crises.

In the case of India, convergence of its interest with agenda of the IBSA encouraged New Delhi to a part of the Forum. The IBSA has had been established to promote the South-South cooperation which is a very much a part of India's foreign policy. India has been trying to attempt for decades, within its limited means and resources. Study tours, grants of equipment, assistance for disaster relief, and significant Indian aid to Afghanistan and Nepal are examples of its commitment to global governance and stability outside of IBSA. From the Indian perspective, IBSA is an opportunity to expand this commitment. *When* the foreign ministers of three countries – Yashwant Sinha, Celso Amorim and Nkosazana Dlamini-Zuma – met in New Delhi on 4th and 5th March 2004 for the first meeting of the Trilateral Commission of the IBSA Dialogue Forum, New Delhi discussed the issues such as the UN reforms, international peace and security and social development. Brazil and South Africa agreed with the Indian perspective that the current composition of the UN Security Council is not representative of the current world scenario, and thus, reforms should be made in the UNSC to reflect the contemporary realities.

Since India is a supporter of the perpetual peace and security in international relations, while trilateral parties discussed the global security situation and renewed their commitment towards disarmament including the control over the proliferation of weapons of mass destructions. The three countries urged an early resumption of dialogue on the Israel-Palestine issue on the basis of UN Security council resolutions, Arab League peace Initiative and the *Quartet* roadmap. They reaffirmed their support to the settlement postulated in the UN Security Council Resolution **1397** of two sovereign states, Israel and Palestine, living side by side within secured and recognized borders. The three countries also had common views with respect to *Iraq*. They stressed the need to maintain the unity & integrity of Iraq and called for transfer of full sovereignty to the Iraqi people. They were of the view that United Nations need to play a vital role in this context. They also emphasized the urgency of reconstruction in Iraq under a democratically elected sovereign government. Hence, a convergence of the India's foreign policy objectives with the IBSA's objectives was reconfirmed and re-established. Similar pattern of convergence was noticed in the

third meeting of the Trilateral Commission of the IBSA Dialogue Forum when India's foreign minister Anand Sharma met with Celso Amorim and Nkosazana Dlamini-Zuma, the foreign ministers Brazil and South Africa respectively in Rio de Janeiro on 30th March 2006. The IBSA countries exchanged their views on UN Security Council reforms. India along with Brazil and South Africa also welcomed the creation of ***Peace-building Commission and UN Human Rights Council***. ***They also emphasized on*** a peaceful resolution to the Iranian nuclear programme, within the context of International Atomic Energy Agency (IAEA). India is also in favour of a fair, equitable and transparent rules-based multilateral trading system. The IBSA countries soon after its formation led opposition to developed-world positions at the World Trade Organization (WTO) summit in Cancun, Mexico. Thus, in this way, the IBSA helped to create a developing world bloc within the WTO that played a decisive role in changing the negotiating model of the organization. Thus, there is convergence of agenda of the IBSA with the India's foreign policy objectives. IBSA provides an opportunity to India to achieve its foreign policy objective by collaborating with the other two members of the Forum.

4.1.6 AREAS OF COOPERATION AND ACHIEVEMENTS OF THE IBSA

Since its inception in 2003, the IBSA countries have cooperated in the various areas, such as agriculture, trade, education, culture and many others. This cooperation and its achievements have been discussed sector-wise as under:-

- 1. Agriculture:** In the agricultural sector, a Joint Development Project was undertaken in Guinea Bissau. This project, through a series of strategic interventions, envisages support for the national authorities for the development of capabilities for the sustainable management and use of agricultural and livestock resources. This project is expected to increase income of targeted communities and groups by increasing production, improving and diversifying the horticulture, improving the short-cycle livestock production and promoting the small and medium scale agro-industry. IBSA Ministers of Agriculture met in Rome on 22nd November 2005 on the margins of a FAO Conference. This was followed by a meeting of IBSA Senior Officials in Agriculture in New Delhi on 18th & 19th January 2006.

- 2. Trade and Investment:** The coming together of India, Brazil and South Africa to strengthen trilateral economic partnership is a major development in the area of South-South Cooperation. Trade and Investment Joint Working Group (JWG) was established at the first Trilateral Commission Meeting in New Delhi on 5th March 2004. The Working Group comprises of departments dealing with trade and industry from the three countries. The objectives of JWG on Trade and Investment are - increasing intra-IBSA trade, trade facilitation, development of SMMEs and fostering investments. The last meeting of JWG on Trade and Investment was held in New Delhi on 23rd May 2013. An Action Plan on Trade Facilitation for Standards, Technical Regulations and Conformity Assessment was signed in March 2006. A Memorandum of Understanding on Standards, Trade Facilitation, Technical Regulation and Accreditation was signed in October 2008 by the governments of IBSA countries. Since there are significant synergies between the three countries, over the years, these have developed substantial capabilities in different sectors. The IBSA Economic Ministers met in New Delhi in March 2005. They decided to put in place arrangements to identify and eliminate the non-tariff barriers which impede mutual trade. To this end, Brazil, India and South Africa have agreed on a common action plan, which includes establishment of a mechanism to exchange information and experiences between the Parties on various regulatory issues, organizing sector-specific seminars and workshops on technical regulations and conformity assessment, identifying possibilities of harmonizing standards to facilitate trade, etc. Another key area for trade facilitation is customs co-operation. At the Working Group Meeting on Trade held on 28th - 29th March 2006 in Brazil, the possibility of a Trilateral Agreement on Customs Cooperation was discussed. Sectoral cooperation and sharing of expertise and experiences particularly in the field of energy, agriculture and food processing, gem and jewellery, tourism, entertainment and animation industry, and financial & banking sector are also being considered. It has been decided to promote co-operation in small & medium enterprises (SME) sector. For this purpose, common terms of reference for a study has been developed which would explore areas of complementary advantage. All the three countries have very rich experience in promotion of small

& medium enterprises and micro-enterprises. Thus, it could contribute substantially to cooperation between the SME. This can have profound development implications. The IBSA summits and working groups have produced visible results in the area of trilateral trade. Trade among the three countries increased from 3.9 billion US dollars in 2003-2004 to approximately 10.4 billion US dollars in 2007-2008. In 2013, the intra-IBSA trade figure was 23 billion US dollars. The IBSA had further fixed a trade target of 25 billion US dollars by 2015. The IBSA has also partnered with developing countries, especially least-developed countries (LDCs) and post-conflict and reconstruction development (PCRD) countries through the IBSA Facility for Hunger and Poverty Alleviation (IBSA Fund) in development projects. South-South investments and technology transfers have also increased since IBSA was formed in 2003. The participation of the IBSA member countries in regional free trade associations is making it impossible for IBSA to articulate any kind of formal trilateral trade arrangement (TTA) between members. IBSA's role is not to direct or dictate trade, but to facilitate it. The IBSA Trade Ministers frequently met to exchange views on Doha Round. In June, 2009, they adopted a Joint Declaration of the common approach of the three countries towards the Doha Round. They again met in Davos in January 2013. Permanent Representatives of the three countries in Geneva and New York also meet to coordinate on issues related to WTO/WIPO. Four meetings of IBSA Science and Technology Ministers have been held. Two meetings were hosted by India in 2004 and 2008. Brazil also hosted the two meetings in 2005 and 2006. India has made much progress in the area of inclusive economic growth by adopting rural employment guarantee schemes, where in every family at least one person is guaranteed 100 days of employment annually. As a best practice, South Africa and Brazil are also hopeful to implement these schemes effectively in their own countries. IBSA countries exchange also involves human resource development, equitable infrastructure, short-term distress mitigation, grass-roots institution-building, environmentally-sound strategies, and integration into the knowledge economy.

- 3. Defence:** The Working Group on Defence is exploring possible areas of cooperation amongst the three countries. IBSA trilateral defence cooperation was initiated with the meeting of Defence Ministers of South Africa, India and Brazil in Pretoria on 1st February, 2004. IBSA made a broad outline of the Plan of Action for future cooperation in defence sector, viz., promotion of maritime and air safety, cooperation in defence production, trade and joint marketing, coordination among the defence research institutions, cooperation in training sector and regular annual trilateral dialogue. The Joint Working Group (JWG) on Defence is pursuing this Plan of Action and facilitating further deepening of trilateral defence cooperation. Five meetings of JWG on Defence have been held so far on 7th-8th March 2005, South Africa; 13th October 2008, India; 14th-15th July 2009, Brazil; 11th-12th October 2011, South Africa; and 23rd-24th May 2013, India. Among the key initiatives in the field of defence cooperation, mention may be made of Joint Naval Exercises of IBSA countries (IBSAMAR). Three editions of IBSAMAR have been held so far. The last was held in October 2012 off the coast of South Africa. Two Indian Naval Ships had participated in these exercises. The Second edition [IBSAMAR-II] was also held in South Africa in September 2010. Other notable initiatives include – two sailing Regattas organized in South Africa (2005) and India (2007), a Map Exercise on UN Peace Keeping Operations (14-18 September 2009), IBSA Table Top Exercise on UN Peacekeeping Operations (November 2013, New Delhi).
- 4. Education:** Education is a powerful instrument for achieving the goals of social equality. Hence, the IBSA had included it as an area of cooperation in its agenda of the Brasilia Declaration. India is the lead country in education sector. At the 2nd IBSA Focal Points Meeting held on 29th November 2004, the following three major areas of cooperation were identified for collaboration in the education sector: Open and Distance Education; Higher & Professional Education; and Universal Mass Education with special emphasis on quality and gender equality. Each of the three countries are to host one Round Table on one of the selected themes. The theme of the Universal Mass Education with special emphasis on quality and gender

equality was chosen by India, Open and Distance Education by South Africa and Higher and Professional education by Brazil.

- 5. Science and Technology:** Science & Technology was one of the key areas identified for tri-lateral cooperation in the Brasilia Declaration. Activities in this area are guided through annual meetings of the Science & Technology Ministers of India, Brazil and South Africa. The inaugural meeting of the IBSA Science & Technology Ministers was held in New Delhi on 25th October, 2004. The Second IBSA Ministerial meeting on S&T Cooperation was held in Rio de Janeiro on 8th-9th June 2005. The approved areas of research cooperation and the corresponding lead countries are as follow: TB: South Africa; Malaria: Brazil HIV/AIDS: India; Nanotechnology: India; Biotechnology: South Africa; and Oceanography: Brazil. Activities in each area are implemented by experts designated as Area Coordinators. Based on their recommendations, a calendar of activities is recommended by the IBSA Trilateral Working Group on Science & Technology for approval by the IBSA S&T Ministerial meeting. The IBSA Trilateral Working Group on Science & Technology has met three times: Cape Town, South Africa (7th -9th March, 2005), Rio de Janeiro, Brazil (8th -9th June 2005 and 28th - 30th March 2006). IBSA has organized various workshops in the different areas such as Nanotechnology in India on 19th April 2005; HIV Aids in India on 26th May 2005; Functional Genomics, Life Science, GM and Agriculture in India on 18th -19th July 2006; Malaria in South Africa on 4th -7th September 2005; HIV/AIDS in South Africa from 2nd - 4th October 2005; and Oceanography & Antarctic Research in Brazil from 14th -16th September 2006.
- 6. Transport:** The IBSA focuses on cooperation between the three countries on areas such as air link expansions, training and knowledge sharing in airports and airspace management, port management, operational and infrastructural systems, including capacity building in shipbuilding, environmental management and navigational systems. Discussions on maritime and air transport agreements are considered within the Joint Working Group (JWG) which has been especially for this purpose. The development of trans-shipment facilities in order to support the

IBSA trade strategy which advocates for the creation of South-South shipping highway that integrate sub-regional connection between MERCOSUL, SACU and Indian regions, is a priority area for the JWG.

7. **Culture:** To promote the cultural cooperation, the Working Group on Culture was established by the IBSA in March 2005, during the Cape Town Trilateral Meeting. IBSA countries agreed to host regular cultural activities, one in each country. The WG facilitates the implementation of the agreed decisions on cultural issues of the Trilateral Meeting. An IBSA Music and Dance Festival was held in Salvador, Brazil, replete with a choreographed rendition of the Mahabharata.
8. **Tourism:** Tourism is a sector with immense possibilities for intra-IBSA cooperation. Thus, IBSA has established a Joint Working Group on Tourism. As IBSA Dialogue Forum was approaching the second round of Summits, in order to bring sharper focus on sectoral cooperation, a decision was taken in October 2011 to bring Tourism JWG under Trade and Investment Working Group. The JWG on Tourism aims at expansion of tourism relations among the IBSA countries with a view to understand and appreciate each other's history, culture and way of life. The activities given emphasis under tourism cooperation are exchange of information, development of joint promotional activities, promoting cooperation between the private stakeholders, simplification of travel procedures, human resource development, and the exchange of experts and employees from the tourist areas.

4.1.7 CHALLENGES BEFORE THE FORUM

The IBSA countries are facing the same problems and have similar interests. All three consider themselves “middle powers” and leaders of their respective regions. Nevertheless, these have also been subject to pressures from the North. In addition to forming a geopolitical alliance, the IBSA countries have also identified the diverse areas of excellence in their societies, especially in the fields of biotechnology, alternative energy sources, outer space, aeronautics, information technology, and agriculture, offering a broad range of potential opportunities for trade, investment, travel, and tourism. The IBSA has

huge potential; however, various hindrances exist in its ways to achieve the desired objectives. These hindrances are discussed as follow:-

- 1. Exclusionary Nature of the IBSA:** The IBSA has been termed as exclusionary in nature. Granting the membership of IBSA to other countries is an intrinsically political decision. Hence, other countries may be interested to join worry about its exclusionary nature. These include, in their respective regions, Mexico and Argentina; Nigeria, Algeria, and Egypt; and China, Pakistan, and Malaysia. The most obvious candidate, Russia has shown no interest in joining any group, especially given its instability in the G-8. On the other hand, China has aggressively pursued its own trade interests unilaterally.
- 2. National and International Issues:** Numerous national and international issues could create obstacles to the further integration of IBSA. For example, Brazil's foreign policy initiatives primarily driven by the president's personality, and constraints on South Africa's policies deriving from its Southern Africa Development Community (SADC) and African Union (AU) relationships. Moreover, trilateral collaboration in achieving regional representation for each of the parties can be a futile exercise. Brazil's position is challenged by Venezuela's President Hugo Chavez. India faces permanent border conflicts with Pakistan and China. South Africa is challenged by Nigeria, Egypt and others.
- 3. Unnatural Trade Partners:** The IBSA countries are not natural trading partners. On the whole, India, Brazil, and South Africa produce similar products and compete for access to the same OECD markets. Differences in economic scale and global integration among the partners results in differential trade benefits coupled with limited complementarities.
- 4. Occasional Divergence of Political Interests:** Political interests of these countries also do not always converge. In contrast to India, for example, Brazil and South Africa have both renounced nuclear weapons programmes and share positions advocating non-proliferation and disarmament. South Africa, because of its regional alliances within the African Union, is barred from joining Brazil and

India along with Germany and Japan in the United Nations' Group of Four, which support each other's candidacies for permanent Security Council seats. IBSA's WTO negotiations at Doha revealed divergent views. India's position on trade-related aspects of intellectual property rights (TRIPS) and non-tariff barriers separated it from Brazil and South Africa. New Delhi wanted protection for agricultural imports while Brasilia advocated for liberalization.

- 5. Membership of Regional Organizations:** Although IBSA members are supporters of the UNSC reforms, yet South Africa cannot field a candidate on its own. It has to abide by AU guidelines. India and Brazil are lobbying for permanent UNSC seats and thus, both support each other's candidature. The IBSA countries are looking for the trilateral free trade agreements. But at present it seems difficult as South Africa is a member of the Southern Africa Customs Union (SACU) and Brazil belongs to Southern Common Market(MERCOSUR). Members of these regional trade blocs are forbidden from signing free trade agreements with countries outside their respective zones and from extending the bloc's benefits to other countries. This is a major obstacle to development cooperation within IBSA. Although Brazil has proposed the unification of MERCUSOR, SACU and India within a single commercial regime that may strengthen IBSA's role in the international arena, yet the creation of such a union would be a complex, lengthy and costly process, requiring agreement among all the parties concerned.
- 6. Role of Great Powers:** Since the associated strength of IBSA countries has been noticed by the great powers, its potential role in the global affairs has become an object of surveillance for the great powers especially for the United States. As a result of this, the United States has attempted to establish privileged bilateral relations with each of these growing engines, creating commitments that could discourage present or future horizontal links among them. South Africa is thus entangled in a web of US commercial interests which constrain its autonomy. The United States has also courted India, in an attempt to counterbalance China's regional influence. The United States-India Peaceful Atomic Energy Cooperation Act, under which Washington is supplying New Delhi with civilian nuclear

technology, despite India's not having acceded to the Nuclear Non-Proliferation Treaty. Brazil considers itself as the main regional power of South America. But the United States is not only a global but a hemispheric hegemon. Whether or not US global dominance continues, Brazil will continue suffering the influence of its regional "big brother". This had been observed in the Bush-Lula agreement on ethanol and biodiesel.

7. **Rise of BRICS:** The rise of BRICS as a power coalition has also raised a number of questions about IBSA's development. BRICS has come out with various declarations. BRICS bank has challenged the domination of G-7 over the global financial institutions. The BRIC grouping has attracted considerable attention. It is accepted that it seeks to achieve certain broad economic reforms and the restructuring of the global financial architecture. Thus BRIC is primarily focused on economic priorities different from IBSA's development, political cooperation and integration agenda. Thus, BRIC's role is very different from that of IBSA. Even then as, it is argued, China has been using its influence especially on South Africa to undermine IBSA.

4.1.7 IBSA: A CRITICAL APPRAISAL

As mentioned above, the rise of BRICS to some extent undermined the scope of IBSA. However, throughout the period of its marginalisation by BRICS, a strong body of officials and experts in the three countries has held the view that IBSA is the true inheritor of solidarity among developing countries, which was nurtured from the Bandung Conference (1955) through UNCTAD and G-77 to the BAPA+40 Declaration (2018). It is the champion of South-South Cooperation, and the advocate of a coordinated response by developing economies to secure the Sustainable Development Goals (SDGs). The glue that binds IBSA countries together is their faith in democracy, diversity, plurality, inclusivity, human rights and rule of law. This was reiterated through the IBSA Declaration on South-South Cooperation, issued in Pretoria in June 2018.

Notably IBSA remains determined to "step up advocacy for reforms of global governance institutions in multilateral fora". In particular, it is strongly committed to the

expansion of the UN Security Council. As Foreign Minister Sushma Swaraj put it, “We three have to ensure that our collective voice is heard clearly in BRICS and other groups on UN Security Council reforms, since if we do not speak for our own interests, no one else will.”

In fact, IBSA has been notching up a number of quiet successes. **First**, the three Foreign Ministers have been meeting regularly to provide a coordinated leadership to the grouping. **Second**, while the India, Brazil and South Africa Facility for Poverty and Hunger Alleviation (IBSA Fund) is small in monetary terms, it has succeeded in implementing 31 development projects in diverse countries: Burundi, Guinea-Bissau, State of Palestine, Cambodia and Vietnam, among others. **Third**, India has been running an innovative IBSA Visiting Fellows Programme through the Delhi-based think tank, RIS or Research and Information System for Developing Countries. A strong case exists for expanding its reach. Both South Africa and Brazil should initiate their own editions of this programme, as an investment in building intellectual capital.

4.1.8 LET US SUM UP

In nutshell, the IBSA is dialogue forum established by three countries – India, Brazil and South Africa – to promote South-South cooperation. Its agenda includes trilateral cooperation for the UN reforms. It gives emphasis on the creation of a fair, transparent and rule-based trade system. Member countries are interested to develop the IBSA as platform for tackling common threats like terrorism, drug trafficking, maritime security, climate change, money laundering and terrorism. The Forum has developed an organizational structure including the JWG's to cooperation in the diverse sectors such as agriculture, trade, science and technology, education, culture and transport along with many others. It has also established the IBSA Fund. The countries in IBSA are trying to develop a framework for greater participation on global scale. IBSA provides an opportunity to strengthen democratic block. The IBSA facilitates the coming together of businesses and civil societies in these three democracies. All the three emerging powers are competing with major world powers to find the space in global governance. The IBSA can contribute in pushing up India's aspiration for a global role. India wants to boost IBSA so that New

Delhi can consolidate its position in the Asia-Pacific region. With its twin objective of consolidating its position in the Asia-Pacific region and securing a position in the Security Council, India is interested to pump in energy and dynamism in IBSA. Political analysts opines that India's objective to secure its position in the Asia-Pacific region was cleared in the India-Japan joint statement and the India-US joint statement which talk about preserving regional peace and stability and the Asia-Pacific region's continued prosperity. There are some hindrances in the way of IBSA to achieve its declared objectives. The exclusionary nature of the IBSA, membership of regional organizations, unnatural trade partnership, occasional divergences in political interests along with many other national and international issues are a hindrance in the way of emergence of IBSA as a successful trilateral forum.

4.1.8 EXERCISE

1. What do you understand by IBSA? What is the Agenda of the IBSA Dialogue Forum?
2. What is Brasilia Declaration? How is it relevant for the IBSA?
3. Discuss the origin, principles and objectives of the IBSA.
4. Discuss the organizational structure of the IBSA.
5. How and to what extent India's national and foreign policy objects are converged with the objectives and agenda of the IBSA? Discuss.
6. What are the major areas of cooperation among the IBSA countries?
7. Make a critical analysis of the achievements of the IBSA.
8. What are hindrances in the way of IBSA that make it difficult to achieve its agenda?

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood

UNIT – IV INDIA AND NEAR ABROAD

4.2 INDIA AND INDIAN OCEAN : MARITIME SECURITY AND NAVAL DIPLOMACY

- Suneel Kumar

STRUCTURE

4.2.0 Objectives

4.2.1 Introduction

4.2.2 India and the Indian Ocean

4.2.3 India's Maritime Security

4.2.3.1 Traditional Sources of Threat

4.2.3.2 Non-Traditional Sources of Threat

4.2.4 India's Strategies for Maritime Security

4.2.5 India's Naval Diplomacy

4.2.6 Let Us Sum Up

4.2.7 Exercise

4.2.0 OBJECTIVES

The present lesson analyses the importance of Indian Ocean to India's strategic interests and how India's naval diplomacy is oriented to ensure maritime security. After going through this lesson, you will be able to know:

- Geo-politics of the Indian Ocean;

- India's maritime boundaries in the Indian Ocean and its importance for India;
- Identification of traditional and non-traditional sources of threat to the India's maritime security;
- India's strategies for maritime security.

4.2.1 INTRODUCTION

The Indian Ocean, as Harsh V. Pant writes, has long been “the hub of great power rivalry” and the struggle for its domination has been “a perennial feature of global politics”. Geo-political, economic and strategic factors are responsible for the rivalry and competition among various powers in the Indian Ocean. The Indian Ocean is the third largest of the world's oceanic divisions. It covers at least one fifth (20 percent) of the world's total ocean area. It is bounded by Africa and the Arabian Peninsula, India's coastal waters, and the Bay of Bengal near Myanmar and Indonesia. It provides major sea routes connecting the Middle East, Africa, and South Asia with the broader Asian continent to the east and Europe to the west. It carries a particularly heavy traffic of petroleum and petroleum products from the oil fields of the Persian Gulf and Indonesia. It is estimated that 32.2 million barrels of crude oil and petroleum are transported daily from this sea route. More than 50 per cent of the world's maritime oil trade occurs through this route. Most important strategic chokepoints of the globe – the Suez Canal, Bab-el Mandeb, the Strait of Hormuz and the Strait of Malacca – found in the Indian Ocean Region (IOR). It is rich with energy reserves. Large reserves of hydrocarbons are being tapped in the offshore areas of India, Iran, Saudi Arabia and Western Australia. At least, 40 percent of the world's offshore petroleum is produced in the Indian Ocean. Beach sands rich in heavy minerals deposits and fisheries are actively exploited by bordering countries – India, Pakistan, South Africa, Indonesia, Sri Lanka and Thailand – for both exports and domestic consumption.

Due to its crucial geographical role in the economy and security, major powers have long competed with each other to control it. In the 19th century, Great Britain was able to enjoy an overwhelming dominance in the region. However, with the decline of Britain's relative power and the emergence of two superpowers during the Cold War, the Indian Ocean region became another arena where the US and the former Soviet Union

competed to expand their power and influence. In the post-Cold War period, as Putten, Wetzling and Kamerling observe, various regional and extra-regional powers including the EU and its member states, China, India, the United States, Japan and Australia are steadily increasing their naval presence and their military capabilities in the Indian Ocean and in various strategic positions along its rim. Smaller naval powers such as Pakistan, Malaysia, Singapore and South Korea are also expanding their activities in the region. As a result of this, as Vijay Sakhuja observes, the Indian Ocean region has emerged as an arena of cooperation and competition among the various regional and extra-regional powers. Among the Indian Ocean littorals, with over 140 vessels, the Indian Navy is the most powerful and its order of battle includes aircraft carriers, submarines, expeditionary platforms, long range maritime surveillance aircraft and these are supported by a sophisticated network centric capability including a dedicated military satellite. Australia is an also important Indian Ocean power. It is building its combat capabilities to include new submarines, air defence destroyers, fighter jets, and long range maritime patrol aircraft. Iran is an acknowledged regional military power in the Arabian Gulf. It has made forays deep into the Indian Ocean. Similarly, the Pakistan navy has an impressive array of air, surface and sub-surface capabilities and, therefore, has emerged into a powerful force.

Among the extra-regional powers, the United States is the predominant military power in the Indian Ocean region and has several port access and basing agreements with Australia, Bahrain, India, Iraq, Kuwait, Oman, Pakistan, Qatar, Saudi Arabia, Singapore, Thailand, United Arab Emirates (UAE), Yemen etc. The US Navy has been the primary component of projecting US military power in the Indian Ocean. The British Royal Navy is forward deployed in the Indian Ocean in support of the US led operations and on account of the 1971 Five Powers Defence Arrangement (FPDA). French navy is forward deployed at Mayotte, Le Reunion, Djibouti and Abu Dhabi. The European Union is a new entrant in the Indian Ocean security dynamics. The Operation Atlanta in the Gulf of Aden off Somalia to counter piracy was its first naval operation in the Indian Ocean Region. Among the Asian powers, China's engagement in the Indian Ocean is through its naval task force (CTF-525). Since 2008, it has deployed 25 warships in 10 groups. Japan is another major Asian power which has forward deployed its maritime and air forces in the Indian Ocean that operate out of its military facilities in Djibouti. Russia is also interested in

the security dynamics of the Indian Ocean. Its navy's show of 'flag' and 'presence' in the Indian Ocean reveals its ambition to engage in distant water operations. Similarly, the NATO has keenly observed the security dynamics in the Indian Ocean.

Although the Indian Ocean strategic milieu offers immense opportunities for maritime cooperation, the naval build-up by regional countries and the forward presence by extra-regional powers showcase competitive dynamics. The US is the strategic anchor of the region. Its presence is perceived both as coercive and also as a security provider. Interestingly, some regional countries have created legitimate space for the US naval presence in the Indian Ocean to correct security imbalances, challenge the hegemony of the dominant power and ensure regional stability. The US Navy conducts joint naval exercises and shares intelligence which assures the alliance partners of its political and diplomatic commitments. However, for some, the US is perceived as hegemonic reminiscent of the colonial period and adds to insecurity. The absence of a comprehensive multilateral agreement on maritime security in the Indian Ocean makes this force projection dynamic highly problematic. It bears the trademarks of a classical security dilemma. Many actors harbour suspicions about the others' ulterior motives and quietly mobilize for rougher times. Moreover, many countries in this region are politically unstable. This has given rise to non-conventional security challenges in the Indian Ocean such as maritime piracy, armed robbery, human smuggling/trafficking, drug trafficking, weapons smuggling and maritime terrorism. The precarious security situation along the Horn of Africa is particularly noteworthy in this regard. Violent insurgencies are commonplace and threaten the political stability of the entire region. Sources of insecurity for ordinary citizens are so profound that some people have turned to the adjacent high seas to secure an illicit income through piracy and armed robbery. Various maritime powers such as India, China, the United States, Japan, Australia, EU and its member states are working to contain the risk of piracy and armed robbery at sea. Nevertheless, threats have not been snuffed out along with other non-conventional security threats such as maritime terrorism and the trafficking and smuggling of goods and people. Thus, in this background, the present lesson deals with issues of India's maritime security including threats and strategies to counter such threats. This also explains the different components of India's naval diplomacy.

4.2.2 INDIA AND THE INDIAN OCEAN

The Indian Ocean has been named after India. In the ancient Sanskrit literature, it had been termed as “*Ratnakara*” (“the mine of gems”). In Hindi, it is known as Hind Mahansagar. It has huge geo-political, economic, security and strategic significance for India. India has a vast coastline extending to more than 7,500 kilometres, with more than 1,200 islands, and a large Exclusive Economic Zone (EEZ). As per the United Nations Convention on the Law of Sea (UNCLOS) (1982), India’s oceanic territories includes territorial waters (150,000 square kilometres), Exclusive Economic Zone (EEZ) (2,014,900 square kilometres), Continental Shelf (1,500,000 square kilometres) and Zone allotted in the mid-Indian Ocean by International Seabed Authority (150,000 square kilometres). India has the twelfth largest EEZ of the world. It includes 61 per cent of its land territory. India has maritime boundaries with five opposite states – Sri Lanka, Maldives, Myanmar, Indonesia and Thailand – and two adjacent states; Pakistan and Bangladesh. In other words, it shares maritime boundaries with seven countries and has settled the boundaries with all, except Pakistan, in accordance with international laws and norms. India has duly promulgated its baselines and submitted its claim for extension of the continental shelf, in accordance with the UNCLOS in May 2009. The Indian Ocean is distinguished by a land rim on three sides. Maritime access to the region is possible only through certain ‘choke points’ leading to and from the Arabian Sea and the Bay of Bengal, and from the southern Indian Ocean. India edges the first two regions and has a central position overseeing the third. Its peninsular feature provides a natural reach across wide sea spaces in all directions, extended by the islands in the Andaman & Nicobar. Its central position in the IOR, astride the main International Shipping Lanes (ISLs), accords distinct advantages. It places the outer fringes of the Indian Ocean Region (IOR). Most of the choke points are almost equidistant from India. This facilitates reach, sustenance and mobility of its maritime forces across the region. Therefore, strategically India’s maritime geographical location in the Indian Ocean provide it an edge to influence the maritime space of the Indian Ocean, and also promote and safeguard its national maritime interests, across the IOR. At the same time, India’s vast coastline and maritime zones require significant resources and investments to ensure their security. India’s relations with most maritime neighbours have been friendly.

India's maritime economy swathes a range of economic activities in the maritime domain, including for ports, coastal infrastructure, shipping, fishing, seaborne trade, offshore energy assets, undersea pipelines and cables, and seabed resources. India is highly dependent on the seas for its energy security. At present, approximately 80 per cent of its crude oil requirement is imported by sea, using the ISLs across the Indian Ocean. Besides this, 11 per cent of India's national crude oil requirement is met from offshore energy sources within the Indian EEZ. Offshore gas fields contribute to 80 per cent of its domestic natural gas production. In addition, India has built up substantial refining capacity and exports refined petroleum products to many countries by sea. The products of the petroleum industry account for about 15 per cent of India's GDP. India's cumulative 'sea dependence' for oil is about 93 per cent. It has sovereign rights for exploitation of living and non-living resources in its EEZ.

India's merchandise trade is 42 per cent of its GDP. Besides, 90 per cent of its international trade by volume and over 70 per cent by value is carried over the seas. Growth of India's seaborne trade is relatively higher and faster than the growth of its shipping industry. There is also a significant presence of Indian nationals in the international seafaring community. They are operating on both Indian and foreign ships, with approximately 6.6 per cent of the world's merchant mariners being Indian. The overall safety and security of Indian seaborne trade and seafarers, on both Indian and foreign ships, require that international shipping and sea routes remain safe, secure and free for navigation and legitimate uses. India has 12 major and 200 non-major ports which provide the trade hubs where sea and land trade routes meet and the cargo moves from one medium into the other. These are both the destination and the source of the maritime leg of global supply chains. India is the second largest producer of fish in the world. It produces 5.68 per cent of the world's fish production. India's fisheries sector contributes about one percent of the national GDP.

India is increasing dependent on sea routes for import and export of essential cargo, including crude and refined energy products, trade and other commodities, and for support to Indian interests overseas. India's interests and linkages have also expanded over the years, from the Arabian Sea and the Bay of Bengal to the IOR and across the

Indo-Pacific Region, and now also into the Atlantic Ocean. Thus, importance of sea routes through the Arabian Sea, Bay of Bengal, South-East and South-West Indian Ocean, and the Indo-Pacific region has also grown for India. The Indian Ocean is a potential source of various rare earth metals which are important for Indian industries. India has made significant strides towards harnessing deep sea resources. The International Seabed Authority (ISA) has allocated 75,000 sq. km of the seabed in the Central Indian Ocean Basin (CIOB) to India. Thus, the maritime geography and economy of India establishes the following national maritime interests of India:-

- Protection of India's sovereignty and territorial integrity against threats in the maritime environment;
- Promotion of safety and security of Indian citizens, shipping, fishing, trade, energy supply, assets and resources in the maritime domain;
- Maintenance of peace, stability and security in its maritime zones, maritime neighbourhood and extended neighbourhood.

Thus, the sea routes, international shipping and freedom of navigation are important for India's national interests in IOR. Understanding the significance of the Indian Ocean for India, eminent scholar, K.M. Pannikar had called for the Indian Ocean to remain "truly Indian." Pannikar had opined that the Indian Ocean could only be one of the important oceanic areas to other countries. But, it is a vital sea to India because its lifelines are concentrated in that area, its freedom is dependent on the freedom of that coastal surface. Pannikar was "strongly in favour of Indian dominance of the Indian Ocean region" much in the same mould as several British and Indian strategists viewed India's predominance of the Indian Ocean "as virtually inevitable".

4.2.3 INDIA'S MARITIME SECURITY

There are several – traditional and non-traditional – threats to India's national maritime interests and security. The Indian Navy had released its maritime strategy, titled "Ensuring Secure Seas: Indian Maritime Security Strategy" on October 26, 2015. This was a revised and updated version of its previously outlined strategy "Freedom to Use the

Seas: India's Maritime Military Strategy," of 2007. In this strategy document, the Indian Navy has listed both traditional and non-traditional source of threats to India's maritime security. These are discussed in the following sections.

4.2.3.1 Traditional Sources of Threat

States are the traditional source of threat to India's maritime security. It has been observed that some states with organised military capability and resources harbour adversarial postures and inimical intents towards India. This poses a higher level of threat to India's maritime security and interests. China and Pakistan have a history of aggression against India. India has border disputes with both countries. There is an increasing maritime rivalry between India and China. Tensions between these two Asian powers have existed since the exile of the Dalai Lama to India in 1959 and the Sino-Indian border war of 1962. Moreover, China is a close security partner of Pakistan, which traditionally has a troubled relationship with India. China has emerged as the biggest military spender in the Asia-Pacific. It has the fourth-largest defence expenditure in the world. The Chinese navy, as Harsh V. Pant argues, is aimed at a gradual extension of the strategic depth for offshore defensive operations. It is enhancing its capabilities in integrated maritime operations and nuclear counter-attacks. Chinese navy is considered the third-largest in the world after the US and Russia. It is considered superior to the Indian navy in both qualitative and quantitative terms. Since its economic rise, Chinese interests have only expanded but also acquired a maritime orientation to project its power in the Indian Ocean. China is investing huge resources in the modernization of its armed forces in general and navy in particular. China is acquiring naval bases along the crucial choke points in the Indian Ocean to serve its economic interests and enhance the strategic presence in the region. As Harsh V. Pant observes, China is consolidating its position over the South China Sea and the Indian Ocean with an eye on India as it does not "...accept the Indian Ocean as only an ocean of the Indians." China has deployed its Jin class submarines at a submarine base near Sanya in the southern tip of Hainan Island in South China Sea. This raises alarm in India as the base is merely 1200 nautical miles from the Malacca Strait. The concentration of strategic naval forces at Sanya further propels China towards a consolidation of its control over the surrounding Indian Ocean region. The presence of access tunnels on the mouth of the

deep water base is troubling for India. It allows China to prohibition shipping at the three crucial chokepoints in the Indian Ocean.

Thus, China's increasing naval presence in and around the Indian Ocean region is troubling the India's maritime interests in the region. Its "string of pearls" strategy has expanded its strategic depth in India's areas of maritime interests. The bases and diplomatic ties of this Chinese strategy include the Gwadar port in Pakistan, naval bases in Burma, electronic intelligence gathering facilities on islands in the Bay of Bengal, funding construction of a canal across the Kra Isthmus in Thailand, a military agreement with Cambodia and building up of forces in the South China Sea. China is upgrading infrastructure in the Coco Islands of Myanmar. China is also courting other states in South Asia by building container ports in Bangladesh at Chittagong and in Sri Lanka at Hambantota along with helping to build a naval base at Marao in the Maldives. China has also signed an agreement with Sri Lanka to finance the development of the Hambantota Development Zone that includes a container port, a bunker system and an oil refinery. China has built a submarine base at Marao Island in the Maldives which has the potential to challenge the US navy in Diego Garcia. According to China, it has been constructed these ports and facilities around India's periphery for its economic and commercial interests only. However, India considers it as "a policy of containment by other means". China's presence in the Bay of Bengal via roads and ports in Burma and in the Arabian Sea via the Chinese-built port of Gwadar in Pakistan is a cause of concern for India. With access to crucial port facilities in Egypt, Iran and Pakistan, China is well poised to secure its interests in the region. China's involvement in the construction of Gwadar port has attracted a lot of attention due to its strategic location. It is located about 70 kilometres from the Iranian border and 400 kilometres east of the Strait of Hormuz, which is major oil supply route.

India has also hostile relations with Pakistan. But since Pakistan's naval capabilities are not a challenge to India. However, the nexus of Chinese and Pakistani naval forces can be formidable threat to India. Despite a significant improvement in Sino-Indian ties since the late 1990s, the relationship remains competitive in nature and using its rising economic and military profile, China has been successful in containing India within the confines of South Asia by building close ties with India's key neighbours, especially with Pakistan.

Thus, the Indian Ocean has become an additional area of rivalry between India and China. India is concerned about the possibility of an increased Chinese naval presence in the future at sea and in places such as the Seychelles, which can be a potential location for a Chinese naval supply facility. From these facts, it can be observed that the existing geo-strategic environment of the Indian Ocean particularly in the context of China is an obvious source of threat to India's maritime security.

4.2.3.2 Non-Traditional Sources of Threat

Various non-state actors have emerged as a new source of threat to India's maritime security. These are known as non-traditional sources of threats. It has been observed that non-traditional sources receive cooperation, support and sponsorship from traditional entities. The Indian Navy, in its document of 2015, has listed seven non-traditional sources of threat to India's maritime security which are given as under:-

- 1. Sea-Based/Maritime Terrorism:** Terrorism has had a major impact on India's maritime security. This threat has increased in the last few years from land to sea, and from sea further onto land, aimed at multiple targets located off or near the coast. The targets may include conventional military and soft non-military assets including commercial and population centres, industrial centres, ports, ships, tourist centres, iconic structures, and strategic infrastructure like offshore oil production installations and nuclear power plants. Maritime terrorism has evolved from indirect to direct actions from and at sea. India has faced terrorism from the sea in both these ways. In 1993, the seas were used to smuggle explosives for subsequently conducting terrorist attacks in Mumbai. In 2008, terrorists used the sea to carry out direct attacks on landing ashore in Mumbai. Maritime terrorist have conducted attacks against ships at sea. There were also attempted hijackings of naval ships in India's neighbourhood in 2014.
- 2. Maritime Piracy and Armed Robbery:** Piracy and armed robbery at sea are the oldest maritime security threats. These target maritime trade, affects the economies of countries, put the lives of people working onboard ships at risk, threaten freedom to use the seas for livelihood and economic growth and affect

the maritime interests of a large number of countries. In the 21st century, incidents of sea piracy have increased in areas of India's maritime interest especially in the Gulf of Aden and the Somali basin. From these points piracy had spread across the Arabian Sea and to within 500 nautical miles of the Indian mainland by 2011. The Indian Navy and Coast Guard have pushed piracy away from India's maritime zones. The Indian Navy has also maintained a ship on patrol in the Gulf of Aden since October 2008, safely escorting more than 3,000 merchant ships and nearly 25,000 Indian seafarers, besides other nationalities. Since 2012, due to the cooperation of international navies, adoption of 'Best Management Practices' (BMP) by transiting merchant vessels, and stabilizing actions ashore in Somalia, have reduced the incidents of Somalia piracy. Nevertheless, since the root causes ashore have not been addressed, the danger of resurgence remains exists with potential for instability in the littoral. Incidents of Armed robbery at sea have also increased in the Gulf of Guinea and off the West coast of Africa. There has also been periodic resurgence of piracy and armed robbery in the Malacca Strait. Hence, these are source of threat to the regional maritime forces and law enforcement agencies.

3. **Unregulated Activities at Sea:** Unregulated activities at sea are a historical and continuing fact. These cover both legitimate and inimical activities. A large part of the maritime domain is comprised of the high/open seas. High seas have been declared as global commons and thus these are outside the jurisdiction of any single state or authority. This status of high seas has reduced scope for the monitoring and regulation of activities at sea. This leads an inherent risk of unregulated activities at sea, especially by non-state actors. Such activities could turn against good order at sea and the security interests of others, including maritime communities and countries of the Indian Ocean. Due to connectivity of the seas, these activities can also transgress into another country's maritime zones and threaten the security and economy of the coastal state.

4. **Transnational Organized Crime (TOC) (Trafficking/ Smuggling):** Transnational Organized Crime is also threat to India's maritime security. India has

the 'Golden Crescent' to its West and 'Golden Triangle' to its East. The use of unregulated movements at sea for seaborne drug trafficking and weapons smuggling are a constant threat to India. Traffickers/smugglers use sea routes for the transportation of consignments. The sea route has been in use for human trafficking/smuggling in India, its close maritime neighbours in South Asia and extended maritime neighbourhood in South East Asia. There is a threat of nuclear material being smuggled in/ from India's maritime neighbourhood.

5. **Illegal, Unreported and Unregulated Fishing (IUU):** Illegal, Unreported and Unregulated Fishing a global problem. It does not respect the existing international and national laws on conservation and management of living marine resources. This can be a threat to ocean ecosystems and sustainable fishing. It carries the risk of damaging or destroying living resources, marine environment and bio-diversity. It is detrimental to the marine ecosystem and livelihood of the coastal populace. This may lead to shortages and tensions, and to further activities that increase insecurity. The advent of piracy off Somalia has been linked to the fall in fish stocks and, hence, sustenance of traditional fishermen, due to substantial IUU by mechanized foreign vessels. This also affects India. It has its impacts on the food and economic security and also the livelihood of the Indian fishing community. In the Palk Bay, tensions between fishermen of India and Sri Lanka have been due to differently perceived fishing rights and use of different fishing methods. Transgression by fishermen between neighbouring maritime zones, like between India and Pakistan, also renders the fishermen liable to the other state's jurisdiction and actions by its maritime and law enforcement agencies, which can aggravate sensitivities and heighten insecurities. Poaching in the Andaman & Nicobar Islands and the Andaman Sea is also a matter of grave concern for India and other littoral states.
6. **Private Armed Security:** Piracy off the coast of Somalia has resulted in the proliferation of private armed guards for protection of merchant vessels transiting the piracy High Risk Area (HRA). A large numbers of Privately Contracted Armed Security Personnel (PCASP) are being employed by Private Maritime Security

Companies (PMSC). These are often operating from ‘floating armouries’ in the Arabian Sea. Deployment of private armed security onboard ships is useful to counter the sea piracy. But its functioning can also lead to insecurity and threats especially in case of non-availability of international regulations or non-adherence to governing standards. There is a possibility of terrorists embarking merchant ships under the guise of PCASP and, thereby, reaching within striking distance of a coastal city or offshore assets. Thus, India’s Ministry of Shipping and the International Maritime Organisation (IMO) have issued guidelines on the employment of PCASP.

7. **Climate Change and Natural Disasters:** Climate change has manifested in alterations of seasonal temperatures and weather patterns the world over, with increased incidence of natural disasters. Changing rainfall pattern and melting snow are altering hydrological systems. This is affecting the life pattern of terrestrial, fresh water and marine species. Thus, climate change has started impacting human and maritime security. These include impact on oceanic living resources due to changes in the levels of salinity and acidity, possible inundation of low-lying coastal areas, and the loss of national territory, which force migration. The trend of natural disasters may also get exacerbated with climate change. This can increase demand on capability for HADR, Search and Rescue (SAR), and aid to civil authorities. At present all these roles are being carried out by the Indian Navy and Coast Guard.

Considering the above mentioned maritime security threats, the aim of India’s maritime security is to safeguard national maritime interests at all times. Its main objectives are to deter conflict and coercion against India; to conduct maritime military operations in a manner that enables early termination of conflict on terms favourable to India; to shape a favourable and positive maritime environment, for enhancing net security in India’s areas of maritime interest; to protect Indian coastal and offshore assets against attacks and threats emanating from or at sea, and to develop requisite maritime force levels and maintain the capability for meeting India’s maritime security requirements.

4.2.4 INDIA'S STRATEGIES FOR MARITIME SECURITY

The document, “Ensuring Secure Seas: Indian Maritime Security Strategy” (2015), provides a detail description of the five strategies that India has developed to ensure its maritime security. These strategies are discussed as below:-

1. **Strategy for Deterrence:** This is the foundational strategy for India's maritime security. Prevention of conflict and coercion against India in the maritime domain is the main purpose of India's naval forces. The Indian Navy contributes to national deterrence at nuclear and conventional levels, by strengthening the credibility of its military capability, readiness posture and communication of intent. This strategy depends on development of appropriate force structures and capabilities, conduct of threat assessment and contingency planning, maintenance of strategic situational awareness and MDA, maintenance of preparedness and presence, and effective strategic communication. The strategy for deterrence is supported and strengthened by the other strategies and, in turn, reinforce them.
2. **Strategy for Conflict:** This strategy is meant for a conflict situation and thus, explains the broader method and framework of employment of India's maritime forces at the time of conflict. The strategy is based on the principles of war, with application of force and focus on strategic effect as additional operational principles. It employs MDA, networked operations, preparedness, jointness and coordination, and operational tempo, as the main operational enablers. Operational actions of this strategy are maritime manoeuvre, maritime strike, sea control, sea denial, sea lines of communication (SLOC) interdiction, SLOC protection, coastal and offshore defence, information warfare, and escalation management. These are undertaken as per the operational plan and situation by the Indian Navy in coordination with the other armed forces and national agencies.
3. **Strategy for Creating a Favourable Maritime Environment:** This strategy describes the methods of the Indian Navy to be used to create a favourable and positive maritime environment. The strategy encompasses a wide range of activities of the Indian Navy in peace time. The aim of these activities is to

promote security and stability at sea, and enhance cooperation, mutual understanding and interoperability with maritime forces of friendly nations. These include naval deployments for exercising presence in the India's areas of interest, engagement with maritime forces of friendly nations in a number of ways and at multiple levels, maritime capacity building and capability enhancement through cooperation in training, technical areas and hydrography, cooperative efforts for development of regional MDA, and conduct of maritime security operations independently as well as in coordination with other maritime forces in the region.

- 4. Strategy for Coastal and Offshore Security:** This strategy describes the techniques to develop and strengthen a cooperative framework and coordinative mechanisms for coastal and offshore security against sub-conventional armed attack and infiltration from the sea. Broadly, it articulates the coastal and offshore security framework, measures for development of coastal MDA and coastal community participation, mechanisms for coordinating interagency presence, patrol and operational response, cooperative capability development, and focus areas for supporting maritime governance.
- 5. Strategy for Maritime Force and Capability Development:** This strategy describes the ways to develop and maintain a combat ready, technology driven, network enabled navy, capable of meeting India's maritime security needs into the future. The capability development covers conceptual, human resource and force level aspects. The major thrust areas for force development have been defined, with focus on indigenization, MDA, Network Centric Operations (NCO), force projection and protection, maintenance and logistics, and new technologies.

Since the Indian Navy is responsible to ensure India's maritime security, in the implementing of these strategies, it operates in concert with the Indian Coast Guard, other armed forces, and the various national and state agencies that have a role and responsibility for distinct elements of maritime security.

4.2.5 INDIA'S NAVAL DIPLOMACY

Naval diplomacy involves the use of naval forces in support of foreign policy objectives. The purposes of the naval diplomacy of a country include:-

- Building ‘bridges of friendship’ and strengthen international cooperation; and
- Signalling capability and intent to deter potential adversaries on the other.

The naval diplomacy shapes a favourable and positive the maritime environment for the promotion of national interests. Thus, it is a comprehensive instrument of a country’s national power to pursue national interests.

Naval diplomacy has emerged as a principal means to create a broader maritime environment to counter the traditional and non-traditional threats to India’s maritime security. India is interacting with maritime forces of different countries to mitigate traditional concerns and address non-traditional threats to its maritime security. Naval diplomacy is also enhancing India’s understanding, cooperation, and interoperability with the naval forces of other regional and extra-regional countries. As per its document of October 26, 2015, the Indian Navy is pursuing following multiple diplomatic ways to achieve the national objectives:-

- 1. Port Visits:** As a part of its diplomacy, ships of the Indian Navy and Coast Guard are regularly visiting the ports of other countries in the areas of its maritime interests. Primary objective of the port visits is to promote goodwill and professional interactions with the other friendly maritime powers. India also welcomes the visits of warships of friendly countries to its ports. Port visits are a part of overseas deployment (OSD) or operational turn round (OTR). These are made for some special occasions including national days, commemoration of historical events, and International Fleet Reviews (IFRs).
- 2. Personnel Exchanges:** The Indian Navy also accepts attachments and exchanges of personnel with other regional and extra-regional maritime powers, for training interaction, gaining operational experience, sharing and developing skill sets, building interoperability and strengthening maritime diplomacy. Reciprocal positioning of naval personnel in diplomatic billets, training and technical support teams, and

onboard ships of each other's' is done also on different occasions for short durations at sea.

3. **Staff Talks and Interactions:** Staff talks provide the mechanism for naval staff of friendly navies to deliberate on various issues of mutual interest. The Indian Navy conducts bilateral staff talks with around 20 foreign maritime powers on annual and biennial basis. These enable structured growth of ideas and interactions, including plans for further maritime engagements and cooperation. Thus, the Indian Navy gives high importance to the mechanism of staff talks with the navies of friendly countries.
4. **Exercises with Foreign Naval Powers:** The Indian Navy conducts regularly bilateral and multilateral exercises with various foreign naval powers. These exercises are used to project Indian capabilities, hone operational skills, imbibe best practices and procedures, and enable doctrinal learning. Exercises also provide a benign means for benchmarking India's capabilities against international standards, and develop mutual friendship and respect. There are three participative formats – passage, occasional and institutionalized – of India's maritime exercises with foreign naval powers. These formats are explained as under:-
 - **Passage Exercises (PASSEX):** The Indian Navy seeks to maximize the opportunity of port visits and passages to conduct exercises with the navies of friendly countries. Such exercises are conducted when ships of either navy pass near the other's coast. The duration and complexity of PASSEX is determined as per the operational considerations and degree of interoperability attained between the two navies.
 - **Occasional Exercises:** The Indian Navy participates in certain occasional exercises. It also occasionally participates in other periodic exercises. These include Humanitarian Assistance and Disaster Relief (HADR) Exercises, maritime security exercises on the sidelines of OSDs and IFRs, and the multinational maritime warfare Rim-of-the-Pacific (RIMPAC) Exercise.

- **Institutionalized Exercises.** The main thrust of India's naval exercises with the navies of other countries is on bilateral and multilateral institutionalized. These exercises are conducted on regular basis in India's areas of maritime interest with a selective group of navies, with whom India has strong and friendly maritime relations. The scope and content of these exercises are progressively enhanced, to keep pace with both traditional and non-traditional maritime challenges.
- 5. Maritime Assistance:** As a part of its naval diplomacy, the Indian Navy has provided maritime assistance to friendly countries on their request to the Government of India to address specific requirements. These include hydrographic surveys, diving assistance, ordnance disposal, salvage, sealift of critical stores, search and rescue, and overseeing ship construction. Such assistance has been instrumental in reassuring the beneficiary communities. Thus, it has been a catalyst for enhancement of goodwill in those countries.
- 6. Operational Interactions:** The Indian Navy also interacts with friendly maritime forces in specific professional mechanisms which are given as under:-
- **MILAN:** This is a biennial meeting of regional navies. It was initiated by the Indian Navy in 1995 and was named as MILAN. It is a forum for improving operational interaction between navies in the region. Participation in MILAN has steadily increased from five navies in 1995 to 17 navies in 2014.
 - **International Maritime Boundary Line (IMBL) Meetings:** The mechanism of holding regular meetings at the IMBL, between maritime forces of neighbouring states, facilitates mutual understanding and communication between local commanders for clarification, coordination and cooperation. The Indian Navy and Coast Guard hold biannual IMBL Meetings with the Sri Lanka Navy and Coast Guard.

- **Anti-Piracy Cooperative Mechanisms:** These mechanisms include the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), Contact Group on Piracy off the Coast of Somalia (CGPCS) and Shared Awareness and Deconfliction (SHADE). The Indian Navy supports anti-piracy cooperative mechanisms and interactions.

7. **High-Level Maritime Strategic Interactions:** High-level maritime strategic interactions are periodically held with other nations to improve strategic communication, share maritime strategic perspectives and review measures for maritime cooperation. These also serve to shape maritime policy in a cooperative, balanced and mutually beneficial manner, and facilitate persuasion or dissuasion, where necessary. The interactions are conducted by way of high-level visits, delegations and dialogues between India and other countries, in bilateral and multilateral mechanisms. The Indian Navy will continue to support and progress maritime strategic interactions, and a synergized approach to maritime security. Some key IOR mechanisms in this regard are:-

- **Indian Ocean Rim Association (IORA):** The IORA was formed in 1997. India is a founding member of the IORA. Its meeting was held 2011 in Bengaluru, India. Since then, IORA has highlighted the key linkage of maritime security with regional economic growth and development. It has also endorsed the role of IONS. Moreover, it has called for IORA's work on maritime security to align with and complement IONS initiatives.
- **Indian Ocean Naval Symposium (IONS):** IONS was conceptualized and activated by the Indian Navy in 2008. It is a regional forum for navies of the Indian Ocean. It is a platform wherein the Chiefs of Navy meet regularly. It is a mechanism for constructive engagement to review and enhance common maritime security. The IONS has gained momentum since inception, with a steady growth in activities that address the range of

maritime security challenges. The Indian Navy is playing a leading role in strengthening and supporting IONS.

- **Maritime Security Multilateral Cooperation:** A maritime security trilateral cooperation initiative was launched by India, Sri Lanka and Maldives in 2011. The three countries have also agreed on a roadmap for cooperation to enhance the maritime domain awareness (MDA), training, capacity building of maritime forces, and joint activities to strengthen maritime security. The Indian Navy is an active participant in this mechanism.
- 8. Hydrographic Cooperation.** Hydrographic cooperation has been a key feature of the Indian Navy's regional engagement initiatives. Hydrography is a resource intensive activity. The Indian Navy is one of the few navies with considerable expertise in this field. Hence, Indian Navy is providing hydrographic assistance to friendly foreign navies including Bangladesh, Indonesia, Kenya, Maldives, Mauritius, Mozambique, Myanmar, Oman, Seychelles, South Africa, Sri Lanka, and Tanzania for survey of their maritime zones and preparing nautical charts. This is strengthening India's bilateral relations and also augmenting its marine safety.
- 9. Anti-Piracy Operations:** The Indian Navy and Coast Guard have taken robust and kinetic actions to counter piracy through sustained anti-piracy operations. As a result of this, it has led to the disruption and thwarting of more than 40 pirate attacks on merchant shipping in the Arabian Sea and the Gulf of Aden, with the arrest of 120 pirates, and pushing the furthest line of piracy back, to off the Horn of Africa by 2013. India's maritime forces, in consonance with domestic and international law, are ensuring security for shipping and fishing in the region.
- 10. Humanitarian Assistance and Disaster Relief (HADR) Operations:** The IOR and its hinterland form the locus of about 70 percent of the world's natural disasters as a result of earthquakes, tsunamis, cyclones and floods. The Indian Navy has been at the forefront of HADR operations in coastal areas over the past decade, both in India and in its maritime neighbourhood. The Indian Navy has

maintained credible HADR capability. It is also promoting capability development and coordination between regional navies for combined HADR operations. For this purpose, as part of IONS initiatives, the Indian Navy assumed the chair of the IONS Working Group (IWG) on HADR in 2014. It has formulated a way ahead for developing coordinated HADR response amongst IOR navies.

Thus, India is using naval diplomacy to shape the strategic environment in and around the Indian Ocean. Convergence of its interests with those of the US in the Indian Ocean region has given New Delhi an opportunity to create a more favourable strategic environment for itself in the region. The US, as Harsh V. Pant argues, has recognized the importance of India's role in the region. Now, it is supporting India's role in maintaining peace and stability in the Indian Ocean and its vast periphery. The US views its sea power as the primary instrument to deter conflict with China, and cooperation with other countries' naval services. Thus, Washington has recognized India as "crucial to fulfilling its strategic imperatives in the region." The US and Indian navies are conducting the joint naval exercises. The US has sold India the USS Trenton which India has renamed as "INS Jalashwa". India has also indicated to join the US-proposed 1000-ship navy effort to combat illegal activities on the high seas. The US sees India as a balancer in the Asia-Pacific where the influence of the United States has waned relatively and China's influence has increased. India is organizing annual naval drills in the IOR with the extra-regional powers. It started conducting MALABAR with the US first in 1992 and again regularly since 2002). Annual VARUNA naval drills are being conducted since 2002 with France, INDRA with Russia since 2003 and the KONKAN with the United Kingdom since 2004. India and Australia have conducted their first bilateral maritime exercise, known as "Ausindex-15", off the East coast of India from September 11-19, 2015.

India's relations with Japan have also got strengthened in the recent years. India has decided to develop natural gas with Japan in the Andaman Sea. It has also conducted joint military exercises involving US, Japan, India and Australia. New Delhi's decision to establish its Far Eastern Command in the Andaman and Nicobar Islands in the Bay of Bengal is viewed as a step to counter Chinese the region by complicating China's access to the region through the Strait of Malacca, the main bottleneck of oil transit to China.

India has launched Project Seabird, consisting of India's third operational naval base in Karwar on the nation's western seaboard, an air force station, a naval armament depot, and missile silos, aimed at securing the nation's maritime routes in the Arabian Sea. India is set to establish a monitoring station in Madagascar, its first in another country. It is deemed vital to guard against the terrorist threat emanating from East Africa as well as to keep an eye on China's plans in the region. India also has its sights set on Mauritius for developing a monitoring facility at an atoll and has strengthened its naval contacts with Mozambique and Seychelles. India has offered of military assistance to the Seychelles by donating one of its patrol aircraft to the Seychelles' navy. As Harsh V. Pant opines, India's support in the building of Chahbahar port in Iran as well as the road connecting it to Afghanistan is an answer to the Chinese-funded Gwadar port in Pakistan. Moreover, India's air base in Kazakhstan and its space monitoring post in Mongolia are also geared primarily towards China. Competition between China and India is also increasing for influence in Burma. The Andaman Sea off Myanmar's coast is a crucial energy lifeline for China. India also needs Myanmar to fulfil its energy requirements. India's "Look East" policy was aimed at strengthening economic ties with India's South-East Asian neighbours has now turned into Act East policy. As a result of this, India is conducting naval exercises with Singapore, Thailand and Indonesia. The ASEAN member states have joined the Indian navy in policing the Indian Ocean region to check piracy, trafficking and other threats to sea lanes. India is reinforcing its regional maritime presence by spending billions on the modernization of its naval forces. It has sent vessels to visit the South China Sea. It emphasizes on the freedom of navigation and the peaceful resolution of territorial disputes as part of its Act East policy. As part of India's Look East and Act East Policy, its indigenously built multi-role stealth frigate Indian Naval Ship (INS) Sahyadri had entered Vietnam's port city Da Nang on October 2, 2015 for a four-day visit. The visit of INS Sahyadri was aimed at strengthening bilateral ties and enhancing inter-operational abilities between navies of India and Vietnam. On departure from Da Nang, the ship proceeded to participate in the International Fleet Review at Sagami Bay in Japan. Vietnam and Japan are currently embroiled in territorial disputes with China in the South China and East China seas, respectively. Thus, both are willing to partner with India to form diplomatic and security ties under the threat of Chinese maritime expansion.

India is already emerging as an exclusive “defence service provider” for smaller states with growing economies that seek to strengthen their military capabilities in South-East Asia and West Asia such as Vietnam, Indonesia, Malaysia, Singapore, Qatar and Oman. These countries are providing India an access to ports along the Arabian coast, the Indian Ocean and the South China Sea. India has security cooperation with Mauritius since 2003. It is providing training to the Mauritian Coast Guard personnel and also indulged in regular patrolling in Mauritian waters, including anti-piracy. Reportedly, the two countries have discussed the long-term lease of the Agalega Islands to India ostensibly for tourism purposes. It is speculated that the Agalega airstrip would be upgraded by India for surveillance aircraft. The Indian Navy is also providing training to the Seychelles security forces and assisting in the maritime security in the Seychelles Exclusive Economic Zone (EEZ). Reportedly, the Indian Navy had set up an electronic monitoring facility in Northern Madagascar in 2007 and it had been given limited berthing rights for its vessels. There are regular goodwill visits by Indian naval vessels to ports in Madagascar and the South and South-West Indian Ocean (SSWIO) countries. The Indian Navy provided maritime security to Mozambique in 2006. India has maritime cooperation with South Africa, with annual joint naval exercises with trilateral naval exercises between India, Brazil and South Africa off the Cape of Good Hope. Prime Minister Narendra Modi has initiated the first bilateral India-Australia exercises and India participated in multilateral naval games in the Bay of Bengal with the United States, Australia, and Japan. Despite India’s traditional principle of non-alignment, its outreach to the United States, Australia, and Japan is seen as a calculated move to counter-balance China in the IOR.

In South Asia, as C. Raja Mohan observes, India has initiated a trilateral security arrangement between India, Sri Lanka and Maldives in 2011 to expand maritime security cooperation. Prime Minister Modi visited to Seychelles and Mauritius in March and called for the establishment of eight surveillance radars in Mauritius, eight in Seychelles, six in Sri Lanka, and ten in Maldives. He also announced agreements to develop infrastructure for connectivity in the Assumption Island in the Seychelles and Aga Lega in Mauritius.

Since 2008, the Indian Navy has nurtured its relationships in the Arabian Sea. Apart from partnering regional navies in anti-piracy operations, it is supporting and training

Gulf Cooperation Council (GCC) maritime forces. It has enhanced its exchanges in maritime training, operational exercises, and information sharing with Arab Gulf navies – many of them members of the Indian Ocean Naval Symposium (IONS), an initiative pioneered by the Indian Navy. India entered into a “strategic partnership” with Oman in 2008. It has naval cooperation with Oman since 1993 in the form of a biennial exercise, “Naseem Al-Bahr”. India has provided naval training and hydrographic support to Oman. Omani ships have been regular visitors at Indian ports. Oman has played a key role in sustaining India’s security efforts in the Gulf of Aden by offering berthing and replenishment facilities to naval ships, and hosting a crucial listening post in the Western Indian Ocean.

This diplomatic activity is matched by changes to the Indian’s navy’s capabilities and posture. The Indian Navy is constantly working on developing its indigenous technology. Indian Navy is ranked in the top 5th largest navy in the world. Since, 2015, the national navy has the assets of 58,350 personnel and one of the largest functioning fleets comprising two aircraft carriers, one amphibious transport dock, 9 Landing ship tanks, 10 destroyers, 15 frigates, one nuclear-powered attack submarine, 14 conventionally powered attack submarines, 25 corvettes, 7 mine countermeasure vessels, 47 patrol vessels, 4 fleet tankers and numerous additional ancillary watercraft. It also has 42 warships and six submarines under manufacturing in local shipyards on an approximate expenditure of over Rs 3 lakh crore, aimed at building a powerful three-dimensional Navy to safeguard its massive maritime concerns covering from the Persian Gulf to Malacca Strait to counter the increasing Chinese naval occurrence in the Indian Ocean Region (IOR).

4.2.5.1 Latest Developments

Although India continues to be active in the IOR, it continues to spend far too little on its navy compared to its peers and competitors. Figures from FY2017-2018 indicate that India spends only 15 percent of its total military expenditure on its navy, far lower than its peers in the Quad. This lack of expenditure on India’s part also comes at a time when India has recognized the need to increase its naval capabilities. India’s Vice Chief of Naval Staff, Vice Admiral P Murugesan, has outlined that India aims to become a 200-ship navy by 2027, noting that the current force stands at 137 ships. While India already has one

commissioned carrier, the INS Vikramaditya, and plans to commission a second, the INS Vikrant, it has outlined an ambitious plan to develop a class of aircraft carriers to follow the Vikrant, which has already faced delays and cost overruns. India's navy has further outlined plans to procure 57 carrier-based fighter jets, as well as modernize its submarine fleet with a new Arihant -class of nuclear-powered attack vessels.

Indo-US Strategic Convergence

However, in recent period, India and the US have actively collaborated to develop joint strategic framework maintain security in the region of Indian Ocean. The collaboration is so serious that Washington renamed its Hawaii-headquartered Pacific Command as the “Indo-Pacific Command” and now looks at the region from the western shores of India to the western shores of the US as one politico-military region. This has been incapsulated in the Joint Strategic Vision for the Asia Pacific and the Indian Ocean region enunciated at in January 26, 2015 on the occasion of President Obama's visit to New Delhi.

Over the years, India has signed several “foundational” agreements aimed at lubricating military cooperation between the two countries. Among these are those which relate to sharing information and logistical facilities in the region. US-supplied P8I maritime surveillance aircraft and the soon to be acquired Sea Guardian drones form an increasingly important components of the networks to track Chinese naval movements.

However, there is an important difference in the way India views the Indo-Pacific. Prime Minister Modi told the Shangrila Dialogue in 2018, that India viewed it as a geographical concept covering the western shores of the US to the eastern shores of Africa. Further, he said, it was not an exclusionary notion directed against China.

Sea power does not depend on naval might alone. There are other elements — merchant marine, marine construction, maritime diplomacy— that provide the integrated whole of what constitutes sea power. Indeed, India is now seeking to integrate what it calls the ‘Blue’ oceanic economy into its larger economic planning. One part of this is the Modi government's Sagarmala project to build and upgrade ports and enhance their inland connectivity. This is aimed at promoting coastal trade and thereby reducing logistics costs

and promoting coastal economic zones. The Modi government has articulated its support for the Blue Economy concept repeatedly by adopting the acronym SAGAR (Security and Growth for all in the Region) as the leit motif of its Indian Ocean policy.

4.2.6 LET US SUM UP

The Indian Ocean has its own geo-political, economic, security and strategic significance in the global politics. This has resulted into a rivalry and competition among the regional and extra-regional powers for the domination and control over the Indian Ocean. Due to its large scale maritime boundaries and maritime economy of India, the Indian Ocean is an integral part of India's national and foreign policy. India is facing various traditional and non-traditional sources of threats to its maritime security in the Indian Ocean region. States especially China having a nexus with Pakistan is considered as the main traditional source of threat to India's maritime security. Various non-traditional threats have also been observed to its maritime security. These include maritime terrorism, maritime piracy, trans-national organized crime including smuggling and trafficking of narcotics, weapons and human beings, the outsourcing of security and climate change and natural disasters. India has evolved five strategies – strategy for deterrence, strategy for conflict, strategy for creating a favourable maritime environment, strategy for coastal and offshore security and strategy for maritime force and capability development – to deal with the traditional and non-traditional threats to its maritime security. Naval diplomacy has emerged as an instrument of its foreign policy to protect and promote its maritime interests. India is indulged in the maritime diplomacy and cooperation with the countries of South Asian, South East Asian, East Asian, Asia Pacific and West Asian regions. Besides, it is also involved in the bilateral and multilateral maritime cooperation with the extra-regional powers such as the US, France and Russia. It is conducting naval exercises with the maritime powers. It is also enhancing the capacity of its naval forces to contribute to peace and stability in the Indian Ocean region. Main reason behind this Indian approach is to secure common interests including safeguarding the SLOCs, energy security, and countering sea pirates and terrorist groups.

4.2.7 EXERCISE

1. What is the significance of the Indian Ocean in the global politics?

2. What is the maritime geography and maritime economy of India?
3. Examine the traditional sources of threat to India's maritime security?
4. Discuss the non-traditional sources of threats to the India's maritime security.
5. What type of strategies has been adopted by India to ensure its maritime security?
6. What do you understand by naval diplomacy? Discuss the components of India's naval diplomacy.
7. "Naval Diplomacy has emerged as a significant tool of India's foreign policy." Discuss.

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – IV INDIA AND NEAR ABROAD

4.3 INDO-AUSTRALIAN RELATIONS : OPPORTUNITIES AND CHALLENGES

- Suneel Kumar

STRUCTURE

4.3.0 Objectives

4.3.1 Introduction

4.3.2 Historical Background

4.3.3 Areas and Opportunities for Bilateral Relations

4.3.3.1 Economic Cooperation

4.3.3.2 Defence and Strategic Cooperation

4.3.3.3 The Indian Diaspora Community

4.3.3.4 Cultural Cooperation

4.3.3.5 Cooperation at Multilateral Foras

4.3.4 Problems and Challenges

4.3.4.1 Violence against the Indian Students

4.3.4.2 Australia's Reluctance to Export Uranium

4.3.4.3 Structural Imbalances

4.3.4.4 Different Strategic Culture

4.3.5 Let Us Sum Up

4.3.6 Exercise

4.3.0 OBJECTIVES

The present lesson analyses the growing relationship between India and Australia. After going through this lesson, you will be able to know:

- the basic understanding of the Indo-Australian relations;
- the opportunities for bilateral cooperation in the different areas such as economic, defence, etc. and;
- the challenges to the bilateral cooperation.

4.3.1 INTRODUCTION

Both, India and Australia have strong, vibrant, secular and multicultural democratic political set up that provide a strong foundation for closer cooperation and multifaceted interaction between these two countries. Earlier, both the countries were part of the British Empire. Besides, both are members of the Commonwealth of Nations. Hence, India and Australia share political, economic, security, strategic and cultural ties. Due to the British colonization, cricket emerged as a strong cultural connection between the two countries along with the English language. Since these countries are the largest maritime powers among the littoral states of the Indian Ocean, their position has given them a special responsibility for the security of the region which, strengthen the strategic relationship between India and Australia. For a long period, they have operated in separate strategic spheres, but now their strategic interests are becoming more and more convergent. Indo-Australian economic relations are also growing along with the security relations. As Frederic Grare observes, perceptions of these countries regarding their strategic landscapes related to China have aligned more closely than earlier. These common concerns about China have affected the political dimension of the Indo-Australia relationship. Thus, this lesson discusses the Indo-Australian relations in historical context and also what are the opportunities for bilateral cooperation between these countries. Besides, this lesson also explains the challenges to Indo-Australian relationship.

4.3.2 HISTORICAL BACKGROUND

The Indo-Australian relations started to emerge in 18th century as a result of the European settlement in Australia. Economic relations started between these countries as India played a central role in nourishing the young colony. Trade with Australia became an important element in the operations of the East India Company in Bengal. During the first half of the 19th century, Australia's most immediate and direct links were with India rather than London, as bureaucrats, merchants, chaplains and judges moved between the two colonies. By 1840 a ship was leaving Sydney for India roughly every four days, and merchants in Calcutta grew rich from supplying the new outpost. India was an important source of food and provisions for Australia. It was also a source of retired colonials, bringing the Anglo-Indian furniture and architectural styles and a taste for spicy food. At the beginning of the 19th century, numerous British colonial families from India settled in the new Australian colonies. India first established a Trade Office in Sydney, Australia in 1941. After the Second World War, Australia supported the independence of India from the British Empire so that New Delhi may act as a frontier against the Communism. Later on, Australia supported India's entry to the Commonwealth Nations.

In the post-independence era, numerous visits were made held at the at Head of Government and Head of State level. Australian Prime Minister RG Menzies visited India in 1950. Similarly Prime Minister Indira Gandhi visited Australia in 1968. Australian Governor General Sir John Kerr visited India in 1975, Prime Minister Malcolm Fraser became the Chief Guest at India's Republic Day in 1979 and then Prime Minister Bob Hawke visited India in 1983 and 1989. Australian Prime Minister John Howard visited India in 2000 and 2006. Prime Minister Kevin Rudd also visited India in 2009. Indian leaders as well visited Australia on various occasions. Prime Minister Morarji Desai visited Australia in 1978, Prime Minister Indira Gandhi in 1981, Prime Minister Rajiv Gandhi in 1986, Vice President Hamid Ansari in 2011 and Prime Minister Narendra Modi in 2014.

Indo-Australian relationship has had divergent strategic trajectories in the Cold War era. Their different commercial goals and strategies were the major hindrances in strong bilateral relationship. During the Cold War, these countries had divergent geo-political perspectives, ideological differences and weak economic links. At that time, India

was the leading advocate of non-alignment movement (NAM) and thus, preserved its strategic autonomy in international affairs. On the other hand, Australia has had a close alliance with the United States' led power block. However, the Indo-Australian relations have grown in strength in the post-Cold war era. India introduced economic reforms in 1991. This made rapid strides in economic, security, strategic and cultural relations between the two countries. The emergence of China also became a common strategic concern for both countries. Australia acknowledges India's growing military capabilities and it expects India to play a greater role in the management of maritime security in the Indian Ocean region. Thus, these countries have elevated their ties to the level of a Strategic Partnership in 2009. The rapid growth of relations between India and Australia is reflected by the large number of ministerial visits exchanged between the two countries. These countries have established various mechanisms such as the Framework Dialogue of the Foreign Ministers, the Joint Ministerial Commission on Trade and Investment, the Defence Ministers Dialogue, the Australia-India Energy and Minerals Forum and the Ministerial Dialogue on Education, to strengthen their bilateral relationship. India is currently represented by a High Commissioner in the embassy at Canberra and Consulate Generals in Sydney. Similarly, Australia has a High Commission in New Delhi, and Consulates in Mumbai and Chennai. Besides being members of the Commonwealth of Nations, both countries are founding members of the United Nations and members of regional organisations including the Indian Ocean Rim Association for Regional Cooperation and ASEAN. Irrespective of the divergent strategic perspectives of these countries now, in the post-Cold War era, there are much closer security relations, including a Joint Declaration on Security Cooperation in 2009. Australia has traditionally supported India's position on Arunachal Pradesh which is a subject to diplomatic conflict between India and China.

4.3.3 AREAS AND OPPORTUNITIES FOR BILATERAL RELATIONS

As it has been observed that in the post-Cold war era, India and Australia have seen the emergence of common and convergence interests, the two countries have strengthened and enhanced their bilateral cooperation in different fields. This section of the lesson discusses the various opportunities that India and Australia have had got to come

close and cooperate in diverse fields such as economic, security and strategic along with many others and also the challenges for the same.

4.3.3.1 Economic Cooperation

Economic interests have brought India and Australia closer to each other. The economies of both countries are highly complementary with great potential for economic cooperation in trade and services. The rapid growth of the Indian population and economy has sparked huge demand for energy resources and agricultural products. Although, these countries have a long history of bilateral economic relations, yet these have grown on large scale only after end of the Cold War politics.

As far as the Indo-Australian economic relations are concerned, these had been started in the late 18th century and early 19th century when coal from Sydney and horses from New South Wales had been exported to India. During the Cold war period, this relationship was not flourished that much. At that time, India opted for mixed economy and its market and trade was not conduct on liberal principles of Western world. Moreover, India was a staunch supporter of the NAM, while being an ally of the US led power block, Australia was adopting the pure capitalist market based economic approach which acted as a hurdle in the Indo-Australian relations in the economic field. However, as result of the end of Cold war, structure of international relations changed. Besides, India introduced economic reforms in 1991, to a large extent, making its economy more liberal and market oriented. Both domestic and international circumstances, gave a boost to bilateral economic relations between India and Australia. At present, India is the seventh largest trading partner of Australia. Major exports from India to Australia include refined petroleum, pearls and gems, and medicaments. Major imports to India from Australia include coal, copper and gold. According to one estimate, bilateral trade between the two countries was totalled 18.7 billion US dollars in 2010. It is expected that it would be of 40 billion US dollars by end of 2016. Trade is highly skewed towards Australia. Australia's trade in goods and services with India was 21 billion Australian dollars in 2010-11 with Indian exports of goods amounting to 2.08 billion Australian dollars. Australia's exports of goods to India have risen by an annual average of nearly 24 per cent for the past 5 years. India is Australia's

fourth largest export destination. In the last five years, India's exports of goods to Australia has enhanced by an annual average of 12.3 per cent. India is trying to diversify and enhance its exports to Australia.

The trade in services between India and Australia amounted to 3.5 billion US dollars in 2010-11 with Australian exports amounting to 2.47 billion US dollars. India's main service exports to Australia are computer and information services and tourism. Australia's main service exports are education, education related services and tourism.

As the Ministry for External Affairs (India) in its document "India-Australia Relations" (2015) reveals, Indian investment in Australia is growing as various Indian companies are increasing their investment in Australia. Major Indian investments in Australia include Sterlite Industries, Aditya Birla Group, Gujarat NRE Co., Asian Paints and Reliance Industries. Major Australian companies in India include Telstra, BHP Billiton, Rio Tinto, MIM Holdings, Snowy Mountain Engineering Corporation, the Australian Wheat Board, P&O Australia, Clough Engineering, Lucent Technologies and ANZ Bank. Reliance has entered into a partnership agreement with Uranium Exploration. IFFCO and Legend Holdings of Australia have entered into an agreement involving investment of over 100 million Australian dollars by IFFCO in Legend's phosphate projects with buyback arrangements; NMDC and Rio Tinto have entered into an agreement for joint exploration in India, Australia and other countries. Tata Power and Australian company Geodynamics have entered into an agreement involving Tata Power taking an 11.4 percent stake in Geodynamics for 44.1 million Australian dollars. Petronet LNG, New Delhi has signed an agreement with Exxon Mobile in August 2009 to source 1.5 mmtpa of LNG from the Gorgon Project, for 20 years starting from 2014. The Adani Group of India, owners of the country's largest private port have acquired a coal mining prospect from Linc Resources in the Galilee Basin in Queensland. Adani has also acquired rights to manage the Abbot Point Coal loading terminal for a period of 99 years at a cost of 1.83 billion Australian dollars. Lanco Infratech made an investment in Australia, spending almost 850 million Australian dollars to buy Griffin coal assets. GVK Power and Infrastructure has finalized purchase of two thermal coal mines from Australia's Hancock Prospecting for about 2.4 billion US dollars. It is also investing in development of rail network from the mine to the

nearest port, which entails a total investment of 10 billion US dollars. Infosys has acquired Portland Group, a sourcing and category management services firm in Australia for 37 million Australian dollars. ICICI Bank has obtained necessary RBI approval to open its branch office in Australia. All the major Indian IT companies have a presence in Australia and are rapidly growing. These companies are Infosys, Satyam Mahindra, TCS, HCL, Polaris Software Lab Ltd, Birlasoft, NIIT, ICICI Infotech, Wipro, and Mahindra-British Telecom Ltd. Satyam Mahindra has the largest product development centre outside India in Melbourne.

Tourism is growing steadily. India is 11th largest contributor of visitors to Australia. In 2013, approximately 1,73,000 Indians visited Australia and at least 2,20,000 Australian tourists visited India. Similarly, in 2014, more than 219,000 Australian tourists visited India and 160,000 Indian tourists visited Australia. The resumption of direct flights between Sydney/Melbourne and New Delhi on a daily basis has proved a big booster to travel between the two countries. It is expected that this figure will be double by 2020.

4.3.3.2 Defence and Strategic Cooperation

India and Australia have also closer relations in the areas of defence and strategy. These countries have a long positive history of defence and security cooperation which started to build in the British period as both the countries shared experience in the trenches of First World War in Gallipoli and along the Western Front. However, like economic cooperation, during the Cold War, defence and security cooperation was not as strong as in the post-Cold War era due to the changing international security and strategic milieu. Both the countries have signed a Memorandum on Defence Cooperation in 2006 and the Joint Declaration on Security Cooperation in 2009. In the recent years, India's defence and security relationship has grown from diverse aspects which include strategic dialogue, regular interactions between respective services through senior visits, staff talks, and training exchanges. Key platforms for strategic dialogue are the annual Defence Policy Talks and the annual 1.5 Track Defence Strategic Dialogue. Most recent Defence Policy Talks was hosted by Australia in 2015. Visits of the Defence and Security personnel of the countries concerned have also often occurred on a regular basis. Australian Minister of Defence visited India in September 2015 and signed an agreement to deepen the bilateral defence

cooperation ties through establishing a Joint Working Group on Defence Research and Materiel Cooperation. Service chiefs from both countries regularly engage with their counterparts, exchange security perspectives, and gain an understanding of each other's structures and capabilities through visits. For instance, the Indian Chief of Naval Staff visited Australia in October 2015. The services also engage regularly through Navy, Army and Air Force Staff Talks. Moreover, both India and Australia are continuing to build robust people-to-people links between defence forces through regular personnel and training exchange programmes including the introduction of short specialist courses and longer-term positions. Every year, Australia sends two officers to attend Indian military educational institutions: one officer attends India's Defence Services Staff College, while another attends its National Defence College. India also sends two officers to study in Australia annually, with one attending Australia's Command and Staff College and the other attending the Centre for Defence and Strategic Studies. An Australian officer also attended the Indian Navy's Long Hydrography course in Goa in 2015.

India and Australia are working together to enhance maritime cooperation. Both the countries have a growing number of shared security concerns in the Indo-Pacific region. Both cooperated successful to provide the humanitarian assistance and disaster relief after the Indian Ocean tsunami in 2004. They briefly took part in joint naval exercises through the Quadrilateral Security Dialogue in 2007. This joint naval exercise is termed as 'Malabar' and was held in the Indian Ocean alongside the United States and Japan. However, following the visit to Australia of the Defence Minister of India in 2013, it was announced that Australia and India would hold joint naval exercises in 2015 with the intention of strengthening their strategic partnership. As a result of this, both did their first formal bilateral naval exercise (AUSINDEX) held off the coast of Visakhapatnam in 2015. In September 2015, defence ministers of the both countries had committed to holding AUSINDEX biennially. The next iteration will take place in Australia in 2017. Practical cooperation between Australia and India is evident through our joint participation in a range of activities. Australia participated in the Indian-hosted Exercise MILAN 2014, which included the opportunity to cooperate with India and other regional Navies. In June 2015, two Indian Navy ships Satpura and Kamorta visited Fremantle in Western Australia, coinciding with a visit by the Indian Navy's Eastern Naval Commander. In February 2016, Australia's

Chief of Navy, a Royal Australian Navy ship and a detachment of the RAN Band visited Visakhapatnam to participate in the Indian Navy's International Fleet Review. There are also opportunities for greater cooperation between the Indian and Australian armies and air forces. Prime Ministers Abbott and Modi signed a landmark deal to increase their nations defence relationship in November 2014. Part of the framework for security co-operation includes annual Prime Ministerial meetings and joint maritime exercises. Areas of increased co-operation include counter-terrorism, border control and regional and international institutions. Thus, defence and security are the important and growing areas of the new India-Australia cooperation for advancing regional peace and stability and combating terrorism and transnational crimes.

China can be termed as the common factor for this increasing bilateral cooperation as both the countries have common apprehensions about China. Frederic Grare (2014) in study "The India-Australia Strategic Relationship" argues:

China presents Australia with a novel and relatively distant threat, while India sees Beijing's assertiveness as part of a pressing and long-standing challenge. But when it comes to a rising China's role in Southeast Asia, Australian and Indian security interests clearly overlap. Australia fears Chinese pressure on its neighbors, and India does not want Beijing to develop deep influence in the region. Australia keeps publicly proclaiming that India can be a force for regional stability, and New Delhi says the same about Canberra.

Conflict with China is more than just a possibility for India. China had invaded and defeated India in the 1962 and, now again China is the main security challenge for India. China and India have a long-standing disagreement on their border demarcation, and incidents regularly occur on the Line of Actual Control. China has been also a constant source of military backing for Pakistan. It is providing military hardware to Pakistan. Its aid to Pakistan's missile and nuclear programs has deeply altered the balance of power in South Asia to the detriment of India. Disputes between India and China over Tibet are perhaps more troublesome. Beijing sees New Delhi's support for the Dalai Lama and the Tibetan community in exile in India as interference in China's internal affairs in Tibet. The

India is concerned by the strengthening of Chinese military capabilities in the Tibetan autonomous region, in particular by the development of airport facilities, roads, and rail infrastructure. Besides, India fears that a conflict begun on land might escalate horizontally at sea in the context of the Indian Ocean. On the other hand, the economic rise of China benefits Australia. Australia is thus highly dependent on the positive side effects of China's growth, such as market stability in Asia; the security of sea lines of communication; and the persistence of a stable, peaceful, and rules-based global order. But these economic benefits do not mitigate Australia's fears about the potential strategic implications of a stronger Chinese military. Australia has a strong sense of insecurity from China as due to its limited population relative to its territorial size, exposure to great-power rivalry, and experience with Japanese aggression in the Second World War. Now, Australia perceives China's military modernization, its intentions and behaviour in the South and East China Sea along with its territorial claims, the movement of Chinese forces and the expansion of China's air defence identification zone into disputed territory in the East China Sea as a potential threat. China introduces potentially harmful instability to Australian interests on China's periphery. Moreover, surge in Chinese military capabilities are raising the apprehensions of US-China military conflict and in such situation Australia would have to choose between its economic and security interests. This would be disastrous prospect for Australia whatever the outcome of the conflict. Thus, these perceived threats make Australia wary of a future confrontation with Beijing. Thus, the strategic convergence between India and Australia is responsible for the bilateral security and strategic cooperation.

Apart from the common threat perceptions about China, the US has played a critical role in bringing these two countries close to each other. According to Zhao Qinghai:

To hedge against China and bring the rise of India into its strategic orbit, the US has been wooing India. The US supports India's push to become a global power, was the first country to sign a civilian nuclear cooperation agreement with India, and encourages its Asia-Pacific allies to develop relations with India.

In 2011, the US and Australia had decided to strengthen their strategic relationship with India and called for further cooperation with India to strengthen maritime security.

During the discussion of the policy of uranium export to India at the Australian Labour Party Conference, as per reports, US President Barack Obama had tried to convince Australian Prime Minister Gillard to remain firm on removing the export embargo of uranium to India. Besides US think tanks have given emphasis on strengthening trilateral security cooperation between the US, Australia and India. The US has gradually strengthened its bilateral defence cooperation with India and Australia. Thus, it has played a leading role for India-Australia defence cooperation. As it is argued, Australia is cooperating with the US in its strategy towards India and thus, has taken the initiative to develop relations with India.

4.3.3.3 The Indian Diaspora Community

The Indian diaspora community is a key factor in the Indo-Australian relations. India is the third largest source of immigrants to Australia. They represent the primary source of Australia's migration programme. Punjabi has become Australia's fastest growing language. There is an Indian community of approximately 450,000 in Australia which is contributing to the Australian economy in their role as teachers, doctors, accountants, engineers and researchers. Moreover, in 2015 at least, 46,000 Indian students were studying in Australian Universities compared to 48,000 in 2011. The decline in number of students since 2009 was a the negative impact of violence against the Indian students in Australia in 2009-10, the rising value of the Australian dollar, introduction of strict visa regulations and changes in general skilled migration rules by the Australian government.

The presence of Indian community and student in Australia has also brought a positive impact on the bilateral relations of two countries. A number of Australian and Indian universities have entered into formal agreements. The agreements involved student exchange, staff exchange, academic research and joint degree programmes. Australian vocational training institutes are also delivering vocational training services in India. The Pravasi Bharatiya Divas Conference was organised under the aegis of the Indian High Commission in Sydney from 10-12 November 2013. A strong business delegation from the Confederation of Indian Industry (CII) participated in the Convention. The Conference had strong support, sponsorship and participation from Indian companies in Australia and

Australian Universities. This provides an opportunity for the two countries to strengthen their bilateral relationship.

4.3.3.4 Cultural Cooperation

Bilateral cultural cooperation is emerging between the two countries. A large number of Indian Associations that exist in Australia are playing key role to promote the Indian culture. These entities organize various cultural functions occasionally. High Commission of India and the Indian Council for Cultural Relations (ICCR) sponsor the Dance troupes from India to Australia to perform traditional Indian cultural programmes during Diwali celebrations with the help of Indian Associations in various cities in Australia. The ICCR deputed a six member Odissi Dance Troup which gave performance in Sydney, Canberra and Melbourne during October 2014. Earlier, ICCR deputed a Sattriya Dance Troup to Perth in June 2014 and Bollywood Dance Group to Darwin in October 2014. Know India programme is also a great learning Experience for Diaspora children about the rich Heritage and cultural of India, the Economic progress and Social Development taking place in India. India also has established visiting Chairs for Indian Studies in Australian Universities.

4.3.3.5 Cooperation at Multilateral Foras

India and Australia are the active and responsible members of the international community. They have membership of various multilateral forums. On the various issues, these countries have supported each other in the multilateral forums. India is lobbying for permanent seat in the UN Security Council. In this context, Australia has supported India's candidature for a permanent seat in an expanded UN Security Council. Both countries are the members of the G-20, Commonwealth, IOR-ARC, the ASEAN, the East Asia Summit and the Asia-Pacific partnership on Climate and Clean Development. Australia had obtained the observer status in the SAARC in 2008. Both countries have also been cooperating as members of the Five Interested Parties (FIP) in the WTO context. Being an important player in Asia-Pacific Economic Cooperation (APEC), Australia has supported India's membership to the organisation.

4.3.4 PROBLEMS AND CHALLENGES

As it has been observed, in the post-Cold war era, changing international environment provided a “solid foundation” for the consolidation of Indo-Australian relationship. Despite this, as Zhao Qinghai observes, the relationship between these two countries have not yet reached a level anticipated by the two sides. Moreover, a bilateral strategic partnership between the two countries “remains a goal rather than a reality”. Since 2009 when India and Australia had established a strategic partnership, but their relations have been snowed under by the two problems discussed as under:-

4.3.4.1 Violence against the Indian Students

Due to a series of attacks against Indian students in Australia in 2009-10, the people of India expressed strong resentment against Australia, condemning the “racist practices” of Australians. Even the then Indian External Affairs Minister SM Krishna had termed this violence as a “heinous crime on humanity”. The Australian Government took a host of remedial measures, but failed to win the Indian people’s full understanding. The number of Indian students in Australia has declined since the violent incidents. No doubt, this decline was also a result of the appreciation of the Australian dollar and the introduction of a strict visa regime by the Australian government but violent incidents also contributed to this decline.

4.3.4.2 Australia’s Reluctance to Export Uranium

Australia’s reluctance to export uranium to India acted as an impediment to closer India-Australia relations. This had affected the Indian leadership’s perspective towards Australia. Australia agreed in principle in August 2007 to export uranium to India. But, the new Australian government in 2008 decided to continue to enforce the ban on uranium export to India. As a result, Australia became the only major uranium producer to insist on the export ban on uranium after the US and India signed the civilian nuclear cooperation agreement. India believes that Australia’s position is discriminatory against India. India considers the ban on uranium exports as the key issue in India-Australia relations. This issue had even affected the process of the free trade agreement talks and the substance of bilateral security cooperation between the two countries. As a result of this problem, Indian Prime Minister Manmohan Singh had refused to attend the Commonwealth Summit

held in Australia in October 2011. In December, 2011, Australia changed its position of no exports of nuclear fuel to the non-signatories to the Nuclear Non-Proliferation Treaty (NPT) and announced the lifting of the ban on uranium exports to India. India imports most of its uranium from Russia and Kazakhstan. Australia's lifting of the ban on uranium exports to India increased India's uranium import options and helped India negotiate over prices.

Apart from the above-mentioned problems, there are other factors which have negative impact on the Indo-Australian relationship. These are discussed as under:-

4.3.4.3 Structural Imbalance

A structural imbalance exists in the economic relations of two countries. Australia's exports to India account for about 90 percent of total bilateral trade, with India generating a clear trade deficit. India is very dissatisfied about its huge trade deficit with Australia. Moreover, bilateral trade is limited to a few varieties of goods. Mutual investment is also in limited areas for expansion. More than 92 percent of India's investment in Australia is in the resources sector. On the other hand, Australia's investment in India is mainly concentrated in infrastructure. Thus, India-Australia economic relations are relatively limited. Thus, this reflects a structural imbalance in the bilateral economic relations.

4.3.4.4 Different Strategic Cultures

The two countries have different strategic cultures. During the Cold war period, India adhered to the non-aligned policy and gave stress on strategic autonomy. Even after the Cold War, India continues to build on the legacy of such a policy. The non-aligned strategic culture makes it possible for India not to participate in any binding group or to make binding commitments. As a result of this, India can engage in deals with different major powers according to its own interests. On the other hand, Australia's strategic culture dictates that ally itself with United States and other Western powers. These different cultures lead to a cognitive gap and difficult exchanges between the two countries.

4.3.5 LATEST DEVELOPMENTS

India and Australia's relations moved forward in 2017 when the visit of Australian Prime Minister to India. On his State Visit to India during 09-12 April 2017, Prime Minister Turnbull held bilateral discussion with Prime Minister Modi and both leaders committed to deepening bilateral defence and strategic partnership, broader economic relationship with greater emphasis on energy, education, science and innovation, sports and health cooperation and strengthening international rule based systems. Six bilateral agreements / MoUs on Cooperation in combating International terrorism & transnational organized crime, Health and Medicine, Sports, Environment, Climate and Wildlife, Civil Aviation society and Space technology were signed during the visit.

The "natural partnership" between India and Australia witnessed a steady growth in 2019 on several fronts, especially in the defence sector primarily due to a common concern about China's increasing military presence in the Indo-Pacific, but differences remained over New Delhi's alleged restrictive trade policies and its stance over a regional free trade pact.

The trade relations also grew between the two sides with the two way trade currently standing at over 29 billion Australian dollars even without a free trade agreement (FTA). Great strides have been made to develop the bilateral and personal links closer than they were a year ago. India has been ranked Australia's fourth-largest export market. However, it's still considered to be the most untapped one, much below China, which is at over 194 billion Australian dollars and Japan at over 77 billion Australian dollars.

In November 2017, India, the US, Australia and Japan gave shape to the long-pending "Quad" Coalition to develop a new strategy for keeping the critical sea routes in the Indo-Pacific free of any influence. In 2019, Australia and India's cooperation on shared maritime security interests in the Indian Ocean rose to a new level with the AUSINDEX naval exercise held in April which was a useful step towards more sophisticated interactions in the maritime space.

In a bid to promote bilateral investment flows, Australia expanded diplomatic presence in India by opening a consulate in Kolkata in March 2019, inked an MoU between Austrade and Invest India to support Australian companies to enter the Indian

market and promote bilateral investment flows, established an Australian State Education Forum on India, which met first in August and established an Australia-India Food Partnership.

4.3.6 LET US SUM UP

To conclude, it can be argued that irrespective of the beginning of Indo-Australian relationship in the British period, the two countries did not have much cooperation during the Cold War period due to their ideological differences and contradictory foreign policies. India pursued non-aligned policy while Australia joined the capitalist block led by the United States. After the end of the Cold War, India numerous economic reforms and drew the attention of Australia. As a result of this, India-Australia economic relations have improved. The rise of China has become a common concern for India and Australia. Further, United States supported the strong Indo-Australian ties. Although, violence against the Indian students and Australia's ban on the uranium export to India had created some negative impression of Australia in the India minds, but even then both the countries are cooperating in the economic, defence, strategic and cultural areas. At present, Australia supports India's candidature for permanent seat in the United Nations.

4.3.6 EXERCISE

1. Discuss the historical emergence of the Indo-Australian relations.
2. Examine the Economic Relations between India and Australia.
3. Analyse the Defence, security and strategic partnership of India and Australia in the post-Cold war Era.
4. What are the problems and challenges before the Indo-Australian relations?

M.A. Political Science, Semester IV, Course No. 402, India's Neighbourhood
UNIT – IV INDIA AND NEAR ABROAD

4.4 INDO-CANADIAN RELATIONS : TRENDS, ISSUES AND PROSPECTS

- Suneel Kumar

STRUCTURE

4.4.0 Objectives

4.4.1 Introduction

4.4.2 History of Indo-Canada Relations

4.4.2.1 Pre-Cold War Period

4.4.2.2 Cold War Period

4.4.2.3 Post-Cold War Period

4.4.3 Diverse Areas of India-Canada Cooperation: Trends and Issues

4.4.3.1 Economic Cooperation

4.4.3.2 Security and Strategic Cooperation

4.4.3.3 Scientific and Technological Cooperation

4.4.3.4 Cooperation in Energy Sector

4.4.3.5 Cooperation in Education Sector

4.4.3.6 Cooperation in the Outer Space Science

4.4.3.7 Cultural Cooperation

4.4.3.8 The Indian Diaspora

4.4.3.9 India and Canada at Multilateral Foras

4.4.4 Let Us Sum Up

4.4.5 Exercise

4.4.0 OBJECTIVES

The present lesson analyses the prospects for Indo-Canadian relations. After going through this lesson, you will be able to know:

- the history of bilateral relationship of India and Canada;
- the contemporary trends in the India-Canada relations and;
- the various issues and prospects of bilateral relationship of the two countries.

4.4.1 INTRODUCTION

India and Canada have a longstanding bilateral relationship. The relations between the two countries are built upon shared values of democracy, pluralism and strong interpersonal connections with the Indian diaspora community in Canada. As a result of the common values and democratic culture, in the recent years a significant transformation has been observed in bilateral relations of the two countries in the form of expanding economic, security, strategic and cultural engagements facilitated by the regular high level interactions and long standing people-to-people ties. Thus, present lesson attempts to trace out the history of India-Canada relations along with the recent trends in the bilateral relationship. Besides, this lesson also tries to analyse the issues and challenges to bilateral relationship of the two countries.

4.4.2 HISTORY OF INDIA-CANADA RELATIONS

History of the India and Canada relations can be divided into three phases: pre-Cold War phase, Cold War phase and post-Cold War phase. This has been discussed as below:-

4.4.2.1 Pre-Cold War Period

India-Canada relationship started in the late 19th century as the Indians began to migrate to the British Columbia. Since then both the countries have had been cooperating in different areas bilaterally and multilaterally. Various institutional mechanisms have been emerged to promote this bilateral cooperation. Besides both the countries also have membership of multilateral forums. Historically, Prime Minister Mackenzie King of Canada visited India in 1910 as Deputy Minister and later as Prime Minister. The King government supported close cooperation with India. Canada had encouraged India to join the Commonwealth.

4.4.2.2 Cold War Period

During the Cold War period, a convergence of interest and commitment existed between India and Canada. Thus, both the countries supported each other's perspectives at the United Nations and in the Commonwealth on various issues including the Korean War armistice and the Suez Crisis. Prime Minister Jawaharlal Nehru addressed a joint session of the Canadian Parliament on October 24, 1949. India-Canada relations were strengthened in the 1940s and 1960s due to the personal relations of Indian Prime Minister Jawaharlal Nehru with two Canadian Prime Ministers Louis St. Laurent and Lester B. Pearson.

During the Cold War period, India had been main beneficiary of aid from Canada. Canada's aid programme to India began in 1951 and further grew substantially under the Colombo Plan. India received food aid, project financing and technical assistance from Canada. Canada donated a nuclear reactor to India in 1956 under the auspices of the Colombo Plan. Ottawa's donation was motivated by two main factors. First, the St. Laurent government hoped to carve a niche market for the Canadian technology in India. Secondly, a Canadian reactor in Asia, and Canadian assistance in developing India's nascent atomic energy programme, had valuable Cold War propaganda points for the West. However, the agreement was concluded before the advent of an international safeguards regime on the use of plutonium. As a result, only limited safeguards were applied to the 1956 reactor. Later, in 1963 and 1966, Ottawa sold two CANDU nuclear reactors to India. In this case, Canadian officials were able to secure moderately stringent safeguards for both

reactors and the sale proceeded although there were concerns that the Indians might try to develop a nuclear weapons programme. Meanwhile, despite strenuous lobbying from the Pearson and Trudeau governments, India refrained from signing the Non-Proliferation Treaty (NPT) in 1968. India's Prime Minister Indira Gandhi addressed a joint session of the Canadian Parliament on June 19, 1973. After this, India-Canada relations deteriorated as India conducted its first nuclear test in May 1974. Canada suspended its bilateral nuclear cooperation with India in 1976 as the fissionable material used to construct its first nuclear device by India had been obtained from the Canadian-supplied CIRUS nuclear research reactor. Thereafter, Canada decided to engage in nuclear cooperation only with countries which signed the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and the Comprehensive Nuclear Test Ban Treaty (CTBT), and which instituted full-scope safeguards on their nuclear energy programmes under the supervision of the International Atomic Energy Agency (IAEA). India consistently refused to sign the NPT. Canada also persistently refused to engage in nuclear co-operation with India. Indo-Canadian relations were further deteriorated in the 1980s due to elements within the Canadian Sikh diaspora were providing the financial and diplomatic support to the Khalistan Movement. Some of them were even involved in the terrorist activities against the Indian State. In 1985, an Air India flight departing from Toronto was blown up off the coast of Ireland. The Indian government perceived that Canada was ignoring the threat of Sikh militants operating on Canadian soil. Hence, during the Cold War, India-Canada relations were deteriorated due to India's nuclear explosion and militant activities of some members of the Sikh diaspora community in Canada.

4.4.2.3 Post-Cold War Period

India introduced major economic reforms in 1991 and made it more liberalized and market oriented. This attracted the attention of the Canadian government and the business community and provided a chance to improve Indo-Canadian relations. Canadian Prime Minister Jean Chretien sent a diplomatic mission to India in January 1996. India's External Affairs Minister Inder Kumar Gujral visited Canada in September 1996. Foreign Affairs Minister of Canada Lloyd Axworthy reciprocated with a visit to India in January 1997 and inaugurated the Office of the Canadian High Commission in Chandigarh. The Canada-India Working Group on Counter-Terrorism was also established in 1997. While

the Chrétien Liberal government sought to expand trade with India, these efforts were undermined when the Indian government tested nuclear devices in 1998. This provoked Pakistan to respond with its own nuclear weapons test, sparking global fears of a South Asian arms race or nuclear war. Canada vehemently condemned the Indian tests. Ottawa recalled its High Commissioner, suspended Canadian International Development Agency (CIDA) aid projects and attempted to rally international condemnation. However, on the latter front, Ottawa's efforts were found wanting. While many Western states condemned India's decision, these countries gradually moved to normalize their relations with New Delhi. Canada, however, was slower to normalize relations with India after its nuclear tests than were the United States, the European Union and Australia.

The 21st Century has been marked by regular high level political interaction leading to the strengthening of economic and political ties and emergence of security and strategic relations between two countries. By 2001, Canada announced its desire to reengage with India. This announcement was followed by a series of bilateral high-level cabinet visits. A similar approach was adopted by the Martin government which in 2005 announced the Canada-India Joint Statement. The Statement outlined that both countries would seek to deepen their bilateral dialogue on key global issues and enhance their cooperation in areas of mutual priority, including regional security and counter-terrorism; science and technology (S&T); the environment; bilateral trade and investment and people-to-people links. When Canadian Prime Minister Stephen Harper visited India in 2009, a Memorandums of Understanding (MoUs) were signed between two countries to establish a Joint Study Group to examine the feasibility of a bilateral Comprehensive Economic Partnership Agreement (CEPA) and Energy cooperation. India's Prime Minister Manmohan Singh also visited Toronto, Canada from 25-26 June 2010. Apart from attending the Summit of G-20 countries, Indian Prime Minister signed an Agreement with Canada on Civil Nuclear Cooperation along with three MoUs on cooperation in Mining, Culture, and Higher Education.

Further, as joint initiative of the two governments, year 2011 was dubbed as the "Year of India in Canada". Due to this in June 2011, the Indo-Canada Chamber of Commerce co-hosted with the government of India the Pravasi Bhartiya Divas, a conference of the diaspora. This conference hosted over 1,000 delegates from India and Canada's

governmental, business, medical, scientific, and philanthropic sectors. After this, the event of International Indian Film Academy Awards was also held in Toronto in June 2011. The Canadian Prime Minister Harper visited India on 4-9 November 2012. During this visit, Canadian Prime Minister had visited Agra, New Delhi, Chandigarh and Bangalore and signed three agreements which include Social Security Agreement, MoU on Information Communication Technology and Electronics and MoU between DRDO and York University for cooperation in the field of defence science and technology. Besides these developments, two countries negotiated for appropriate arrangements and operationalization of India-Canada agreement for cooperation in peaceful uses of nuclear energy. The Prime Ministers of two countries also issued a Joint Statement and agreed on the imperative to forge a forward-looking relationship by deepening bilateral engagement at a strategic level. Both countries also agreed to institute an annual strategic dialogue between the two Foreign Ministers along with the bilateral meetings among senior officials of the two countries. As a result of this, the inaugural Strategic Dialogue was held in Toronto on September 23, 2013 which was co-chaired by India's Minister for External Affairs, Salman Khurshid and Foreign Minister of Canada John Baird. The Dialogue constituted a mechanism to provide a long-term strategic direction to the bilateral relations between two countries. The Second Dialogue was held in New Delhi on October 14, 2014 which was co-chaired by Sushma Swaraj and FM Baird. Governor General David Johnston also visited India from February 22 to March 2, 2014 signed three documents:-

- Canada Audio-Visual Co-Production Agreement;
- Programme of Cooperation on Collaboration between Department of Biotechnology and Grand Challenges Canada to address health and development need, and;
- MOU between the National Skill Development Corporation (NSDC) and the Association of Canadian Community Colleges (ACCC).

India's Prime Minister Narendra Modi visited Canada on 14-16 April 2015. He held extensive discussions with political, business and academic leadership of Canada. Prime Minister Modi also addressed at least 10,000 members of the Indian diaspora

community, at Toronto on April 15, 2015. He called on Australia's Governor General Johnston and held talks with Canadian Prime Minister Harper and more over exchanged the views with the leader of Canada's Liberal Party Justin Trudeau. During this visit, numerous agreements were held between the two countries. Indian Prime Minister signed the following documents:

- MoU between ISRO and the Canadian Space Agency concerning Cooperation in the field of Space;
- MoU between the Ministry of Railways and Department of Transport of Canada on Technical Cooperation in Rail Transportation;
- MoU between Ministry of Civil Aviation and Department of Transport of Canada on Deepening Cooperation in Civil Aviation;
- Letter of intent between Department of Biotechnology, Ministry of Science and Technology and Grand Challenges Canada for the implementation of Collaboration in Disease elimination and Saving Brain Initiative.

Besides above, an Agreement between the Indian Department of Atomic Energy and Cameco of Canada was also held for long-term supply of uranium to India. As a result of this first shipment reached India in December 2015. During this visit, the Prime Ministers of both countries had agreed to elevate the bilateral relations to a strategic partnership and to take concrete measures to expand bilateral cooperation in key areas such as economy, trade and investment, civil nuclear cooperation, energy, education and skills development, agriculture, defence and security, science, technology, innovation and space, culture, and people-to-people ties. At the Joint Press Interaction, Indian Prime Minister Modi had sought cooperation and investment of Canada in the areas such as Energy and Infrastructure, Manufacturing and Skills, Smart Cities and Agro-industry and Research and Education – which are important for India's national development. On October 21, 2015, India's Prime Minister Modi congratulated Justin Trudeau on his election as the Prime Minister of Canada. Prime Minister Modi also invited him to visit India.

4.4.3 DIVERSE AREAS OF INDIA-CANADA COOPERATION: TRENDS AND ISSUES

At present, India and Canada are cooperating with each other in diverse areas at bilateral and multilateral level. The diverse areas of India-Canada cooperation are discussed in the following sections.

4.4.3.1 Economic Cooperation

At present, India is not only an emerging power, but also has one of the strongest economies of the world. After independence, India received assistance from countries all around the world including Canada to improve its economy. In spite of having its differences towards the Indian economic policies, Canada provided financial assistance to India and as discussed earlier, India received the largest aid of Canada's international aid. Major economic reforms were brought about in India in 1991 and India began growing its economy, increasing its visibility and impact on the global economy. Canada realized the need to expand its presence to Asian countries and identified India as a major market with abundant scope for commercialism. Hence, Canada initiated to improve bilateral economic ties with India. Thereafter, bilateral visits increased and bilateral trade also increased. Now, in terms of Purchasing Power Parity (PPP), India is third largest world economy, after the United States and China. The IMF has predicted that India's economy will grow more than 7 per cent in the coming years. The new clout of India in terms of its economic growth has changed the established strategic order. India's 'demographic dividend' adds muscle to its economic growth. The lucrative and booming middle class market in India offers many Canadian companies an enormous opportunity. India offers a huge demand for Canadian goods and services to R&D collaborations. Hence, the bilateral economic ties between India and Canada has been strengthened in the post-Cold War era especially after 1996 when Prime Minister of Canada Chretien visited India with a large team of 300 people, which included representatives from companies, cabinet ministers, and provincial premiers.

Bilateral trade between India and Canada has increased from 4.2 billion Canadian dollars in 2010 to 6.4 billion Canadian dollars in 2014. India exports gems, jewellery and precious stones, pharmaceutical products, readymade garments, textiles, organic chemicals,

light engineering goods and iron & steel articles as major items to Canada. India imports pulses, newsprint, wood pulp, asbestos, potash, iron scrap, copper, minerals and industrial chemicals from Canada. In 2014, the cumulative Indian FDI was 3,973 million Canadian dollars as against Canadian FDI of 1,128 million Canadian dollars in India. Indian companies have invested especially in the IT, software, steel and natural resources sectors. Major Indian companies in Canada are Aditya Birla Group, Essar Steel, Tata Consultancy Services, Tata Steel Minerals Canada, Tech Mahindra, WIPRO, Infosys Technology, Jubilant Life Sciences, Abellon Energy Inc, IFFCO and Gujarat State Fertilizers and Chemicals Limited (GSFC). Two Banks, State Bank of India and ICICI, have also opened their branches in Canada.

Canadian companies are also active in various sectors in India such as power & energy, equipment & services; oil and gas; environment products & services; telecommunications & IT; and the financial sector including insurance. Canadian strength lies in traditional areas such as consulting and engineering, as well as in fields such as education, software development, and financial services. Major Canadian companies which are operating in India are SNC Lavalin, Bombardier, CAE Inc., CPPIB, Fairfax Financial, Brookfield, Sun Life Financial, Export Development Canada, Canpotex Limited, CGI Montreal, Apotex Inc., McCain Foods Limited, Husky Injection Moulding Systems Limited, Amdocs, and Bank of Nova Scotia.

In 2015, India and Canada had agreed to finalize the Bilateral Foreign Investment Promotion and Protection Agreement (BIPPA). The two countries have established various institutionalized mechanisms to promote bilateral economic ties. These mechanisms include the Ministerial Dialogue on Trade and Investment; Trade Policy Consultations at the level of Additional Secretary, Department of Commerce; and the Economic and Financial Sector Policy. The India-Canada CEO Forum was constituted in 2013 to improve bilateral trade and investment flows. The first meeting of the Forum was convened in November 2013 in New Delhi. The Secretariat for the Forum is provided by the Confederation of Indian Industries (CII) and the Canadian Council of Chief Executives (CCCE). The Forum identified various priority sectors such as natural resources, infrastructure, education, information and communication technology and financial services.

In addition to above bilateral economic cooperation, India received the development assistance from Canada for 55 years. Canada's bilateral development assistance programme ended in 2006 due to the change in the Indian government policy regarding the aid. However, Foreign Affairs, Trade and Development Canada (DFATD) continues to provide assistance to India through partnerships between Indian and Canadian NGOs and multilateral programmes. In addition, the Canadian High Commission in New Delhi manages the Canada Fund for Local Initiatives (CFLI), to support local projects in India focusing on gender equality, human rights, and good governance.

4.4.3.2 Security and Strategic Cooperation

India and Canada consider each other as a “potential security partner” from the Arctic to the Indian Ocean. Both countries are a part of organizations key to Asia's security architecture. India and Canada maintain regular bilateral dialogues on regional security and global strategic issues of common interest through the annual Canada-India Strategic Dialogue and the Canada-India Joint Working Group on Counter-Terrorism and also through the annual Foreign Policy Consultation. The newly established Foreign Minister and National Security Advisor office dialogues is also expected further to contribute in the cooperation in this area. The Indian Space Research Organization (ISRO) had launched Canada's first military satellites in 2013. This was the first time Canada had launched military satellites.

4.4.3.3 Scientific and Technological Cooperation

India and Canada are indulged in scientific and technological cooperation. Both countries had signed an Agreement for Scientific and Technological Cooperation in 2005. The Agreement was ratified in 2008 and is supported by the Canada-India Joint Science and Technology Cooperation Committee. In November, 2012, the Prime Ministers of India and Canada had asked the Joint Science and Technology Committee to develop an Action Plan to promote bilateral scientific and technological cooperation by promoting basic research, facilitating academic and industrial personnel exchanges, and accelerating technology commercialization. During his visit to India in 2012, Prime Minister of Canada Harper announced the selection of the India-Canada Centre for Innovative Multidisciplinary

Partnerships to Accelerate Transformation and Sustainability (IC-IMPACTS). Between 2007 and 2012, Canada and India jointly funded eight high quality bilateral Research and Development projects in priority areas such as Sustainable Environmental Technologies, Information and Communications Technologies (ICT) and Biotechnology.

4.4.3.4 Cooperation in Energy Sector

Energy sector is a major area India wants to build with Canada. Resource rich Canada is well positioned as a reliable partner in India's quest for energy security. India and Canada also initiated a Canada-India Energy Forum after signing of the energy Memorandum of Understanding (MoU) in November 2009. In November 2012, during Canadian Prime Minister Harper's visit to India, the two countries had agreed to establish an Energy Dialogue at the Ministerial-level, led by Deputy Chairman, Planning Commission and Canadian Minister of Natural Resources. The first round of Dialogue was held in Ottawa in October 2013, which was co-chaired by Deputy Chairman and Minister Joe Oliver. As per the TOR, the Energy Dialogue will have three core pillars: Hydrocarbons, Coal, and Power & other Energy markets. The Energy Dialogue has since been restructured with Minister Petroleum and Natural Gas (PNG) as the Indian co-chair. The 2nd round of Energy Dialogue was held on July 5 in Calgary. It was co-Chaired by India's Minister of State of PNG Dharmendra Pradhan, and Canadian Minister of Natural Resources Greg Rickford. An MOU on PNG cooperation was concluded. Besides, an Expression of Intent on collaboration between Alberta Marketing Petroleum Commission (APMC) and Indian Oil Corporation (IOC) was also signed, creating a framework to explore the prospects of APMC selling crude to IOC under term contracts. In January 2014 IOC purchased spot cargo of 1 million barrels of conventional crude oil from Canada. Subsequently IOC acquired a 10 percent stake in PETRONAS LNG project through its two subsidiaries, Progress Energy and Pacific North West LNG (PNW LNG). India is also exploring the opportunities in the vast natural gas and oil reserves in Canada. The Indian oil companies like ONGC Videsh have proposed to invest in projects in Canada.

Nuclear energy is an area where the two countries have cooperated in the past. As discussed earlier, the Canadian government had announced in 1955 to transfer nuclear technology to India under the auspices of the Colombo Plan. In April 1956, Prime Minister

Nehru and Prime Minister Reid formally signed the Canada-India (CIR) agreement and the Canadian government sold the first CANDU reactors to India in 1963. However, India conducted nuclear tests and refused to sign the Nuclear Non-proliferation Treaty (NPT) and other international agreements on nuclear disarmament and non-proliferation. As a result of this, the Indo-Canadian relationship deteriorated. Nonetheless, after the Indo-US civil nuclear agreement, India and Canada again started to cooperate in this field. India-Canada Nuclear Cooperation Agreement (NCA) was signed in 2013. Canada agreed for long-term supply of uranium to India. Canada is the world's second largest producer of uranium. India is a growing market for Canadian uranium. Canada has been the world leader in nuclear research and development. It is a leading exporter of nuclear technology for peaceful use, including medical diagnosis and cancer treatment. The Canadian nuclear industry is a significant contributor to the Canadian economy in terms of GDP, government revenue, and employment. There are over 150 companies that supply products and/or services to Atomic Energy of Canada Limited (AECL) and the utilities. This industry generates revenues of around \$6.6 billion per annum. On the other hand, India's demand for energy is increasing rapidly. India is exploring all options in the energy sector including nuclear energy. India has developed an indigenous civil nuclear base. But, at present, it is in a nascent stage and thus India is looking for international partners. India has 21 operational nuclear reactors and six under construction. These require uranium as fuel. The nuclear component of India's energy production is currently under 3 percent at 6,000 MW. By 2032, India expects to have 45,000 MW of nuclear capacity, provided it has assured uranium fuel supplies. Hence, nuclear deal is useful for the two countries. India has started to purchase nuclear technology from Canada. On April 15, 2015, the Department of Atomic Energy signed a 350 million US dollar contract with Cameco, a Saskatoon-based Canadian company to purchase 7 million pounds of uranium.

4.4.3.5 Cooperation in Education Sector

Education has also emerged as a key area of Indo-Canadian collaboration. Both the countries are cooperating to promote higher education and post-secondary vocational and technical education. The MOU on Cooperation in Higher Education was signed between two countries in June 2010. This covers student and faculty exchange, research

and curriculum development, organization of workshop and seminars, twining between institutions of higher learning, facilitate mutual recognition of educational qualifications and policy dialogue in areas of mutual interest. The Joint Working Group (JWG) was set up under the MoU. The JWG met first time in April 2013 in New Delhi. Canada has a well-developed post-secondary vocational and technical education spearheaded by the community colleges. Their experience provides opportunity to India for collaboration with Canada. It could address India's ambitious goals of skills development. In 2015, during the visit of Prime Minister Modi to Canada, National Skill Development Corporation (NSDC) signed MOUs with Colleges and Institutes of Canada in the fields of agriculture, apparel and textiles, automotive, aviation, construction, green economy, healthcare, hydrocarbons, IT, telecom and electronics, sports sector, and water. The MOU will support workforce planning and development and will provide advisory services in developing a technical assistance programme framework to address specific capacity gaps of India's skills development system. The association will also facilitate partnerships between its members and Indian post-secondary institution.

4.4.3.6 Cooperation in the Outer Space Science

India and Canada are cooperating in the area of outer space science, earth observation, satellite launch services and ground support for space missions since 1990s. ISRO and CSA (Canadian Space Agency) have signed MOUs for cooperation in the field of exploration and utilization of outer space and two Implementation Arrangements specifically addressing satellite tracking and space astronomy. Under the implementing arrangement for cooperation in the field of satellite tracking operations, signed in December 2003, ISRO and CSA have shared services of their telemetry and tracking command (TTC) stations. The two agencies are working together on building an Ultra Violet Imaging Telescope (UVIT) to be flown in India's multi-wavelength astronomical satellite ASTROSAT, which is expected to be launched in 2015. India also has strong commercial relationship with Canada. ANTRIX, the Commercial arm of ISRO, has launched nine nano-satellites under a commercial arrangement with University of Toronto - Institute of Aerospace Studies (UTIAS). ANTRIX also launched a microsatellite SAPPHIRE (commercial contract with MacDonald, Dettwiler & Associates (MDA), Canada and

NEOSSat (contract with Microsat Systems, Canada) as auxiliary satellites on the Polar Satellite Launch Vehicle (PSLV-C20) in February 2013. The PSLV-C23, which was launched in June 2014 carried two Canadian satellites, CanX-4 and CanX-5, from the University of Toronto's Institute for Aerospace Studies Space Flight Laboratory.

4.4.3.7 Cultural Cooperation

In view of the large Indian Diaspora in Canada, there are number of organizations promoting Indian culture, especially performing arts. The Mission in collaboration with ICCR seeks to supplement the activities of these cultural organizations. A MOU between the Department of Canadian Heritage and the Ministry of Culture on Cultural Cooperation was signed in June 2010, for a period of three years. The MOU, which expired in December 2013, is under negotiations for renewal along with Canada's proposal to hold the Year of Canada in India in 2017.

4.4.3.8 The Indian Diaspora

India is currently the third largest source of immigrants to Canada. Canada is home to over 1.2 million Persons of Indian Origin (PIO). They constitute more than 3 percent of the Canadian population. The Indian Diaspora Community is highly educated, affluent and industrious, and is integrated with the mainstream. Over the period, the Indian diaspora has served as a strong bridge between India and Canada.

The first Indian migration to Canada was in 1897 on the West coast of Canada with the arrival of lumber workers and labourers from Punjab for railway construction. After the Second World War, Indian migration was shifted towards the East coast. The second major wave of immigration to Canada started in early the 1970s. The point system of 1967 played a decisive role in the evolution of the profile of the Indian Diaspora in Canada. Due to point system, immigrants were selected by profession which drew doctors, engineers and academicians to Canada. Now, almost 90 percent of the community lives in metropolitan areas in Toronto, Vancouver, Montreal and other major cities like Ottawa, Calgary, Winnipeg, Edmonton, Waterloo and Halifax. Greater Toronto Area (GTA) has the largest Indian community estimated at around 650,000 followed by Vancouver at around 300,000. Approximately, two-thirds of Indo-Canadians are Punjabi speaking,

followed by those who speak Gujarati. The community is culturally active and has organized itself in various associations. Many Indo-Canadians hold key positions in business enterprises, public service and other professions. The Diaspora is also well represented in federal Parliament and provincial legislatures. At present, House of Commons has 19 MPs of the Indian origin. Four PIOs now hold Cabinet berths. Prominent Indo-Canadian organizations are Canada India Business Council (CIBC), Canada India Foundation (CIF), Indo-Canada Chamber of Commerce (I-CCC) and other local chambers and associations.

4.4.3.9 India and Canada at Multilateral Foras

India and Canada are the members of various multilateral organizations. The two countries have also emerged as strong partners in addressing a variety of regional and international challenges. Our two countries regularly engage in dialogue to discuss our shared commitment to global peace and security. In 2015, India and Canada have joined more than 60 other countries and 25 international organizations in pledging support to help Afghanistan become a more stable, more secure, and democratic country. As Commonwealth countries, both are working together to promote democracy and respect for human rights and the rule of law. These are also regularly cooperating in the United Nations. A partnership has also been developed in the G-20 since 2008 by co-chairing two instrumental working groups on the Framework for Strong, Sustainable and Balanced Growth and on Enhancing Sound Regulation and Strengthening Transparency.

4.4.4 INDIA-CANADA RELATIONS: AN OVERVIEW

In 2015, Indian Prime Minister Narendra Modi visited Toronto, where he addressed a large gathering of the Indian diaspora. Three years later, Modi's Canadian counterpart, Justin Trudeau, came to India for a state visit, stirring hopes for multidimensional cooperation between the two countries. While the prospects of this 2018 visit seemed bright at first, the enthusiasm eventually waned as Trudeau attracted negative attention for various reasons, including his apparent proximity to Khalistan sympathisers. To Canada's dismay, Trudeau was received only by India's Union Minister for Agriculture, Gajendra Shekhawat, and by district-level officials in Agra. The absence of PM Modi was conspicuous. While such lukewarm reception might point to New Delhi's indifference

towards India–Canada relations, several political reasons account for Modi’s apparent “snub” of Trudeau.

However, before departing for Canada, Trudeau met Modi on February 23. The meeting focused on the emerging structural and strategic realities, including India’s economic rise, its developmental potential and the prevailing uncertainty in India’s neighbourhood.

On positive side, the last two years (2018 and 2019), two-way trade in goods between India and Canada have hit record numbers, crossing \$10 billion compared to \$6 billion five years ago, while trade in services has touched \$2.5 billion. In fact, the trade between India and Canada rose to 62 per cent in the past five years, making India one of the fastest-growing export markets of Canada. Investment inflows from Canada, including portfolio investments, have crossed \$40 billion now, compared to \$4.5 billion in 2014.

In an article written to National Post, India’s External Affairs Minister, S. Jayashankar advocated for a coordinated work by both the countries for deeper Indo-Canadian partnership to happen. According to him, there are three major areas that constitute a focused agenda for collaboration:

a) Education and Mobility: For decades, Canada has been a welcoming destination for Indians and has offered a home to its 1.8 million-strong Indian community. They have fully integrated and brought fresh vigour to their adopted country, contributing to Canadian life in every field, from politics to commerce, from the academics to the arts. This living bridge is reinforced and enriched each passing year. Post-secondary enrolment by Indian students in Canada grew over 150 per cent between 2014 and 2019, bringing in almost \$7 billion in tuition fees alone to colleges and universities in Canada. More than mere monetary value, the shared social capital this talent pool represents is an asset worth nurturing. Canada is the second most attractive global destination for Indian students, 176,000 of whom represent the best of what our systems have to offer and each of whom is a brand ambassador for India and Canada in his or her own right.

b) Business and Economics: The Indian economy is not just growing but fundamentally transforming. It is an exciting laboratory of digital infrastructure, technology adoption and innovation, and is on its way to becoming a US\$5-trillion economy in the near future. It

offers a great return on investment and Canadian funds are discovering that it is a safe bet. There are three major initiatives underway in India of interest to Canadians — Make in India, Skill India and Start-up India. Canada, of course, has its own creativity and innovation strengths. How we tap into such complementarities effectively is a question that needs an early answer. Canada has large reserves of hydrocarbons and when Canadians, at their own pace and in line with their own priorities, develop these resources, they could serve to enhance India's energy security. India and Canada have been co-operating in the field of civil nuclear energy. The commencement of concentrated uranium ore exports to India in 2015 was a milestone. Going forward, this will be significant in enabling us to diversify from thermal energy sources.

c) *Working together in the Global Arena:* To ensure that the world is more secure, the planet is more sustainable and that our values are fully reflected in the workings of the international system, India and Canada need to bring their shared ideals and principles to conversations on global platforms. These range from conversations on terrorism and climate change to nurturing transparent principles and protocols whether in trade, investment or technology appropriate for the fourth industrial age.

4.4.5 LET US SUM UP

To sum up, the Indo-Canadian relations began in the colonial period. This relationship flourished in the Cold War era irrespective of the fact that India was pursuing the policy of Non-alignment whereas Canada was the member of US led power block and was one of the founder members of NATO. Both countries shared a cordial and productive relationship. India received the financial assistance and nuclear reactors from Canada. India's nuclear tests in 1974 deteriorated the bilateral relations. Besides, Canada's soft approach on the Khalistan separatist movement and funding and support from some Sikh Canadians to the movement also affected the relations negatively. In the post-Cold War era, India introduced economic reforms which attracted Canada to cooperate with India. Canada started to focus on India in a big way after the financial crisis in South East Asia in 1997. India again conducted nuclear tests in 1998. Canada once again criticized India for conducting the nuclear tests. However, both countries revived and enhance their economic, security, strategic, scientific, technological and cultural cooperation. Between

2003 and 2015, various bilateral high official visits occurred resulting into different bilateral agreements for cooperation in diverse areas. Indian diaspora is also strengthening the bilateral ties of India and Canada. Both countries have emerged as strong partners in the multilateral foras such as G-20 and the United Nations. In future, favourable domestic and international circumstances are bound to enhance and further strengthen the bilateral relationship of India and Canada in the existing and many new areas.

4.4.5 EXERCISE

1. Discuss the nature and pattern of Indo-Canadian Relations during the Cold War Period.
2. Analyze the Post-Cold War bilateral relations of India and Canada.
3. Discuss the economic and development relations between India and Canada.
4. How and Why Indo-Canadian relations have got strengthened in the post-Cold war period?

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