

India's Foreign Policy: RSTV – India's World

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Larger Background:

- As Indian Prime Minister Narendra Modi turns his attention to governance after his massive electoral victory, he will find that a few challenges beckon him on the foreign policy front.
- From managing India's periphery to engaging major global powers, challenges abound which will demand all the diplomatic and leadership skills PM Modi and his team can muster.
- PM Modi has been a master at foreign policy in his first term. He relished global engagements and never gave the impression that his lack of experience on the foreign policy front was a handicap.
- In fact, he made it his strength as he encouraged greater involvement of Indian states in diplomacy. He led from the front in diplomatic engagements and managed to carve out personal equations with world leaders which has paid dividends.
- For all his successes so far, Prime Minister Modi will find that there is hardly any time to rest on his laurels. Global and regional realities are evolving at a pace which traditional diplomacy is finding difficult to comprehend.
- This episode of India's World focuses on analyzing the new Government's thrust on Foreign Policy.

What are we going to see under Modi 2.0?

- Foreign policy during the first term of the Modi government did extremely well. There were hardly, if any, missteps. Across the board, starting with the idea of the 'Neighbourhood First' policy and the idea of building strategic partners, Prime Minister Modi, and his personal approach towards reaching out to different stakeholders, yielded huge dividends. Thus, one might be tempted to think that Modi 2.0 would be more of the same.
- But, it is believed that PM Modi will not sit on his laurels and will hit the ground running and come up with new ideas and initiatives in terms of engaging all the countries that are concerned, and in terms of making India's foreign policy an integral element of domestic economic development and growth. Thus, one can expect to see new initiatives being taken.
- For the first 100 days, the focus area should be towards meeting the immediate challenges that India confronts. For instance, India's import of oil from Iran. When the Iranian foreign minister visited India and met his Indian counterpart, Sushma Swaraj, the latter said that the call on extending the import of oil from Iran would be taken by the new government.
- Now, that the new government has been elected and will soon be sworn in, this would be the first immediate challenge to be addressed, because there also has to be a great impetus provided to the economy of India. As far as the economy is concerned, low energy prices and energy security is vital for India. India must attempt at ensuring peace and stability in the Middle East and in West Asia.
- From Iran, India is not only getting lower prices, but also getting other benefits such as:
 1. Attractive Prices on Shipping;
 2. Attractive Prices on Insurance;
 3. Terms of Payment, etc.
- Also, in that region, India has about 8-9 million of its people residing. Thus, the security of these

people are important. The remittances received from them are also important.

- Also, linked to all of this is how India deals with the United States of America? This is because, the United States of America is applying a lot of pressure on regional actors.

Is the US-Iran conflict the biggest challenge which India faces in the short term?

- India is not operating in a vacuum.
- In the first 18 months of Modi's first term in office, oil prices had fallen from about 109 dollars/barrel to about 30 dollars per barrel.
- From December 2018, to the month of May, 2019, the oil prices have arisen from \$55 per barrel to about \$75 per barrel.
- Thus, in this situation of rising prices, India's position is that she is unable to import any more from either Iran or Venezuela.
- As far as the assertive policy that PM Modi has taken towards countering terrorism, P.M. Modi will have to demonstrate and get an endorsement from the Shanghai Cooperation (SCO).

Focus on China and Pakistan:

- The border between Afghanistan and Pakistan would also need to be discussed here. The volatility of the Afghan situation is only increasing. Also, it would be impossible to think of a rapprochement between the Afghan Taliban and the Afghan Government.
- Experts opine that it will either be the Afghan Taliban or the Afghan government which would rule.

The China-Pakistan nexus would also continue to remain as strong as before.

- Thus, to this extent, one doesn't seem to visualize any changes to the regional situation.
- Also, with the Iran issue, oil prices are going to shoot up. However, India can handle this.
- However, if suppose a conflict erupts in the Gulf, between Iran and the United States of America, India, Japan, the Chinese and the US; this would result in the closing down of the Gulf region.

Tariff Wars: A Perspective:

- When India is talking about energy availability and the availability of oil, etc; the pricing is a very significant component.
- Else, it would create a very big strain in so far as our social and economic stability in the country is concerned.
- Further, India has not been able to take advantage of the possibilities that the ongoing trade war is presenting it.
- Most importantly, there have been reports that so far the GDP growth as far as the U.S. is concerned, has come down a little less than 1%, and as far as China is concerned, it has come down by a little more than 1%. There are global value chains which are stationed in China that are leaving.
- This is a possibility and an opportunity that India should be able to utilize to fill in that vacuum. So far, we have not been able to do this because our own economic ecosystem, is not conducive.
- India is not really well integrated into the global value chain so far, and one gets the impression that this is the opportunity. Apart from this, we must also get an opportunity to discuss India's membership of the RCEP (Regional Comprehensive Economic Partnership Agreement). Over here also, India is being seen to be a laggard because there are a number of industries in India like Steel, Aluminium, Copper, and agricultural products as well which do not want imports from these countries.
- However, India would really need to step up onto the plate and increase its competitiveness.
- Unfortunately, there has been no significant trade or industrial liberalization reforms that has taken place in the country since 1991.
- In addition to this, we need to make some structural reforms, whether it is the labour market,

agricultural market, land reforms, etc. All these aspects are crying for attention.

- Further, with the kind of decisive and emphatic mandate that Prime Minister Modi has received, the current government is really well placed towards taking action on these issues.

The Brexit situation in Europe:

- Brexit has created serious challenges both for the European Union and for the United Kingdom as well. There are already more than half a dozen candidates who are queueing up to replace Theresa May. This is also one of the reasons why India was supposed to have crossed the GDP of Britain.
- However, India's own GDP for the last quarter has come down to 6.6%, whereas it was going above 7% before. One also can't ignore what is happening between President Trump and Iran. Even for that matter, the recent decision of selling weapons by the U.S. to Saudi Arabia, is an indication of Trump attempting to up the ante.
- Also, India has a healthy diaspora of people living in the Middle East which account for a major section of remittances.
- It is this situation that would create a lot more difficulty for us. Europe in a sense is far away from us. If there is a deceleration in the economy of Europe, it may not have an immediate impact on India other than a few high technology sectors. However, attention would have to be given to the immediate neighbourhood.
- Apart from that, India could get into difficulties regarding the import of oil, which has an impact on everything else. India does not have any complications as far as dealing with the European Union is concerned. Once Britain resolves its issues with the E.U., we would be able to resolve our issues with Britain separately, and that with the European Union separately.
- This is not going to be a major foreign policy challenge for us. There are other challenges that Prime Minister Modi would have to overcome. Most notably, that of China.

A Packed Calendar for the month of June, 2019:

- The PM is slated to visit Maldives in the first week of June, 2019. Post this, he is due to take part in the SCO summit, followed by the G20 summit.
- Further, as far as Israel is concerned, our relationship would be strengthened further. The biggest impact would be on the technological front (especially on advanced weapon systems which Israel has been supplying to us and something which is an on-going process). There are certain aspects of foreign policy which would maintain a continuum from the previous 5 years.
- Regardless of how the situation changes, these aspects would remain relatively stable. Thus, with Israel, our policy will remain relatively stable. As a matter of fact, even with China, the present government would like to have the same level of stability as with the previous government.
- However, an area that needs to be addressed is that of terrorism, i.e. the entry of ISIS into Sri Lanka. There is a large number of sleeper cells as well in India, and the controls lie outside. Thus, intelligence agencies in India and foreign policy experts would have to join hands together to see that some level of stability is maintained.
- If the oil prices go up, then India's economy would be heading for bad times, however, this is something which to an extent can be handled. However, what would be difficult to handle is if a full scale conflict or a war breaks out in the region. If this happens, then Iran would arm the Houthi's. Currently, America is already arming Saudi Arabia- thus, we are essentially looking at the closure of the Gulf. In essence, Saudi Arabian supplies would be affected, supplies from Iraq would be affected. And supplies from Iran to India are already down. Thus, where would India get its oil from? If the gulf closes down, there where is the oil going to come from? So, the biggest challenge in front of Prime Minister Modi currently, is to ensure that the Gulf remains peaceful. This is the major foreign policy challenge before Modi currently.

Concluding Remarks:

- There are a lot of opportunities in front of us as well. The one opportunity before PM Modi is that of Maldives. Maldives is one country which the PM did not visit for the whole of 5 years till November 2018, when the new government led by President Mohammed Solih was sworn in. Prime Minister Modi would be going to the Maldives in the month of June, 2019, and will attempt at reaffirming and reasserting India's strong interests not only in the Maldives, but also our own position as far as the Indian Ocean Region (IOR) is concerned.
- This is because, the IOR has emerged as a theatre of contention after the South China Sea.
- The SCO summit later on in the month of June, 2019 would be an opportunity for the Prime Minister to interact with 4 of the 5 Central Asian countries. We are currently building connectivities through the Chabahar Port; India is also trying to take forward the INSTC (International North-South Transport Corridor). Turkmenistan might also be there. The Afghan President might also be there.
- This would also be the first time after the elections that PM Modi would be able to approach the international stage with a reinforced vigour (considering the mandate that he has been given).