

1. What are India's strategic and economic interests in the ASEAN? What measures have been taken for increasing outreach to the ASEAN countries? Examine.

Introduction

Relationship with ASEAN is a key pillar of India's foreign policy and the foundation of its Act East Policy. The up-gradation of the relationship into a Strategic Partnership in 2012 was a natural progression to the ground covered since India became a Sectoral Partner of the ASEAN in 1992, Dialogue Partner in 1996 and Summit Level Partner in 2002.

Body

- The Association of South-East Asian Nations (ASEAN) comprises Indonesia, Singapore, Philippines, Malaysia, Brunei, Thailand, Cambodia, Lao PDR, Myanmar and Vietnam.
- India's focus on a strengthened and multi-faceted relationship with ASEAN 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.
- In this regard, India's strategic and economic interests in ASEAN are as discussed below:
- ASEAN, as a regional grouping based on consensus, has worked tirelessly over 50 years to help secure peace, progress and prosperity in the region. India, therefore, places ASEAN at the centre of its Indo-Pacific vision of Security and Growth for All in the Region.
- Consequently, Maritime cooperation in terms of connectivity, safety and security has gained high attention. For example, to develop connectivity through water, ASEAN and India are working on the Kaladan MultiModal Transit Transport Project.
- Partnership with ASEAN nations might help India counter the growing presence of China and its string of pearls as ASEAN is seen as the most successful regional organisation next only to the EU. Further, the conflict in South China sea can be utilised by India to its advantage.
- India-ASEAN trade and investment relations have been growing steadily, with ASEAN being India's fourth largest trading partner. India's trade with ASEAN stands at US\$ 81.33 billion, which is approx. 10.6% of India's overall trade. India's exports to ASEAN stand at 11.28% of total exports.
- India-Asean ties are based on 3 Cs—Culture, Connectivity and Commerce where Connecting India's North-eastern states with ASEAN becomes crucial for India.

ASEAN's indispensability in India's 'Act East' policy has led to various measures to increase outreach towards ASEAN countries which are discussed below:

- There has been a shift in emphasis with India moving away from the South Asian Association for Regional Cooperation (SAARC) to the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and asserting its centrality in the evolving geography of the Indo-Pacific.
- ASEAN-India connectivity is a priority for India as also the ASEAN countries. While India has made considerable progress in implementing the India-Myanmar-Thailand Trilateral Highway and the Kaladan Multimodal Project, issues related to increasing the maritime and air connectivity between ASEAN and India and transforming the corridors of connectivity into economic corridors are under discussion.
- India has extensively contributed to the ASEAN-India Fund, to support implementation of the ASEAN-India Plans of Action, which envisage cooperation in a range of sectors as well as capacity building programmes in the political, economic and socio-cultural spheres for deepening and intensifying ASEAN-India cooperation.
- India has been cooperating with ASEAN by way of implementation of various projects in the fields of Agriculture, Science & Technology, Space, Environment & Climate Change, Human Resource Development, Capacity Building, New and Renewable Energy, Tourism, People-to-People contacts and Connectivity.

There have been contentions in the India-Asean paradigm with –

- ASEAN member states have been disappointed that India continues to punch below its weight in the region, especially compared to its other Dialogue partners.
- India's capacity to provide development assistance, market access, and security guarantees remains limited.
- India's interest in ASEAN as a multilateral forum remains lackluster as it continues to privilege bilateral partnerships to further its own interests.
- The three Cs of commerce, connectivity, and culture have been highlighted but a more granular perspective is needed in terms of a forging a forward-looking approach.

Conclusion

India's geostrategic interests in the Indo-Pacific region depend on India's bilateral and multilateral engagements with the countries in the region. While India and ASEAN have been very ambitious in articulating the potential of their partnership, they have been much less effective in operationalizing their ideas. The need now is for both sides to focus on functional cooperation and make the idea of India-ASEAN partnership more exciting.

2. In the context of US sanctions against Iran, discuss the ways in which India has protected her economic and strategic interests.

Introduction

The US has recently imposed sanctions through the Countering America's Adversaries Through Sanctions Act (CAATSA), which imposes unilateral sanctions against Iran, Russia and North Korea. Even though India is not their primary target, it has become collateral damage to certain U.S. actions.

Body

- The immediate impact of the sanctions on India is that it can no longer use US dollars for transactions with Iran. Investment by Indian companies in Iran's oil and gas development projects and pipeline projects, if sanctioned, may result in companies not being permitted to open new US bank accounts and facing restrictions on loans, licences and Ex-Im credit.
- Consequently, India and Iran agreed to revive its 2012 rupee-rial payment mechanism to receive payments in Indian rupee, where half of the payments would be used to import products from India.
- The once strong oil trade between the countries plummeted after the United States' sanctions regimes disincentivized countries to purchase oil from Iran. The trade volume between India and Iran with respect to other products is expected to be affected after the recent turn of events, apart from the already existing caveat on petroleum trade, owing to the dwindling rupee-rial account.
- India may consider protecting its companies by using countermeasures such as blocking statutes, non-recognition of foreign judgments, clawback rights, reporting requirements – which all aim at preventing citizens or national entities from complying with the sanctions. A blocking statute is a mechanism used by countries to reduce or mitigate the impact of US sanctions on their citizens and businesses.
- Further, India came out largely unscathed from the sanctions on Iran. In order to compensate for the loss of crude from Iran, India resorted to importing more from the US and Venezuela, even as it continued its imports from traditional suppliers such as Saudi Arabia and Iraq.
- Also, India has made successful forays to the UAE and Saudi Arabia, probably for that getting investments from these oil-rich kingdoms. Thus, India loosened its traditional and successful policy of maintaining a balanced relationship with Iran, Saudi Arabia and Israel. This also becomes important as Iran does not have that kind of spare wealth and nor is it a destination for the Indian diaspora.
- Apart from bilateral trade, Iran seems to be holding an important position in terms of strategic importance for India. Iran's Chabahar port, plays a fundamental role in India's trade connectivity with Afghanistan, Central Asia, Eurasia and Europe. This port is being developed by India. This port is geopolitically significant for India due to its strategic location near the Pakistan-China port of Gwadar in Balochistan province. The delay in the

- implementation of the project due to US sanctions had made Iran impatient, and it had started a strategic alliance with China.
- India has secured a written assurance from the US to exempt this port from sanctions during the second 2+2 Ministerial Dialogue between India and US in December 2019. Both countries also “welcomed the utilisation of the port for exports from Afghanistan and discussed ways to promote it”.
 - As a U.S. strategic partner, whose cooperation US has sought for its Free and Open Indo-Pacific strategy, India had hopes for further relaxation of sanctions with regards to Iran as well as Russia, considering India’s unique geopolitical and strategic needs.

Conclusion

India needs to be ready to deal with US sanctions in a more efficient and viable manner in the present and in the future. Further, enhancing India’s strategic autonomy needs to be refocused upon in light of changing global geopolitical scenario to safeguard India’s national interests.

3. How in the ongoing trade war between the US and China affecting India’s economic interests? Is India equipped enough to address the emerging challenges? Critically evaluate.

Introduction

A trade war is defined as an economic war between two or more countries when they try to impose extreme foreign policies so as to protect or gain more control over their own economy. Their profound motive is to reduce competition of commerce by blocking inward trade towards the home country.

China and the United States have been engaged in a trade war through increasing tariffs and other measures since 2018.

The US initiated the tariff barriers on Chinese goods to press demands for an end to policies that Washington says hurt US companies competing with Chinese firms. China too responded with its own tit-for-tat tariffs on US goods.

This exacerbates the uncertainty in the global trading environment, affects global sentiment negatively, and adds to risk aversion globally.

Body

US – China trade war and India’s economic interests

Negative impact

- There could be a short-term impact on the stock markets.
- In a report earlier this year, the IMF noted that the US-China trade tension was one factor that contributed to a “significantly weakened global expansion” late last year, as it cut its global growth forecast for 2019.

- India's shipments track the global trade closely. Regressing past data suggests that for every one percentage point increase in global exports, India's shipments tend to rise by half that much and vice versa

Positive impact

- Several economists have indicated the possibility of India benefiting through increasing exports to the US and a shift of foreign direct investment (FDI) to India.
- India is among a handful of countries that stand to benefit from the trade tensions between the world's top two economies, the UN has said in a report.
- India can strengthen its trade relationships with both superpowers.
- As the US is being protectionist and unilateral, China and India would have to incline towards a multilateral world. China could cultivate a relationship with India as a substitute. It could also open up its markets for Indian goods and services – so could the US.
- There has been a rise in the export of goods to both countries. Export to the US grew by 9.46% to \$52.4 billion. As many as 203 Indian goods are likely to displace Chinese exports to the US, like rubber, carpets, graphite electrodes, etc
- Favourable goods that can replace the Chinese goods in the US are sacks, bags, polymers, printed circuits, automobile lighting equipment, Christmas-lighting sets, etc.
- Diversion in investment flows is an opportunity that India could benefit from, as manufacturers seek alternative origination destinations.

India is not equipped enough to address the emerging challenges

- India has been relatively immune to the collateral damage inflicted on other countries — from Australia to Japan, South Korea and Singapore — by the sparring between China and the US for geopolitical influence. But that apparent good fortune owes little to diplomatic skill and even less to any economic clout. Instead, it reflects India's lack of global competitiveness, its slowing domestic economy, its high cost of money and the paucity of risk capital.
- Exports to the US from some other Asian economies, notably Vietnam and Cambodia, have picked up much more.
- Out of 56 companies that relocated their production out of China between April 2018 and August 2019, only three went to India
- Make in India scheme, designed to encourage manufacturing — is not very effective because of infrastructure bottlenecks.

India need to further liberalise trade, spend more on infrastructure construction, reform land and labour laws and offer tax breaks for foreign investors. Legal reforms, liberation and favourable taxes are necessary for economies to reach their full potential.

Conclusion

Indian policy of adoption of non-alignment in the Cold War era helps India to save itself from the counter effects of the trade war compared to other economies. It maintains economic and diplomatic relationships with countries from either side. Although, if the trade war stretches for a considerable time it would help Indian economy to make strides. Yet, India should not officially push forward any such policy that intends to take advantage of the crisis. We should stick to our fundamental foreign policy of non-alignment and wait and watch without getting involved in the core trade war.

4. What advantages have accrued to India after her membership of the SCO? How can India benefit in the long run? Discuss.

Introduction

The Shanghai Cooperation Organization (SCO) is a Eurasian political, economic, and security alliance. It was created in 2001. Its member countries China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan, India and Pakistan. It is the largest regional organisation in the world in terms of geographical coverage and population, covering three-fifths of the Eurasian continent and nearly half of the human population.

Body

Advantages to India from membership of the SCO

Strategic advantage

- SCO's relevance for India lies in geography, economics and geopolitics.
- SCO cover huge landmass adjacent to India's extended neighbourhood, where India has important economic and security interests.
- Stronger relations with Central Asian republics and a new opportunity to pursue the "Connect Central Asian Policy".

Economy

- SCO holds immense opportunities for India to bolster its trade linkages with Central Asia, a resource rich region.
- SCO membership is also positively linked with development of International North South Transport Corridor (INSTC) and the Chabahar port, both directed towards expanding transport and reducing costs of trade.

Diplomacy

- Harmonious cooperation in the SCO may pave the way for an India-Pakistan rapprochement.
- SCO membership had facilitated resolution of China's boundary disputes with Russia and Central Asian countries.

Security

- Qingdao Declaration by the SCO member states leader's calls for prioritizing the implementation of the Cooperation Programme to fight terrorism, separatism and extremism.
- The SCO's regional anti-terrorist structure, Anti-Drug Strategy for 2018-2023 and Prevention of the Abuse of Narcotic Drugs and Psychotropic Substances will be helpful.

India would be able to seek mutually beneficial partnerships with SCO members in human capital creation, technology, education, and policy convergence in regional trade.

How can India benefit in the long run?

- Indian recently signed MoU regarding export of non-Basmati rice, earlier denied access on phytosanitary ground. More such MoUs must be signed.
- India has also signed a MoU in concerned the sharing of hydrological information on Brahmaputra.
- It also enables the Chinese side to provide hydrological data if water level exceeds mutually agreed level during non-flood season.
- Active participation in counter terror exercises and military drills.
- Transport, energy, e-commerce, information and communication technologies, tourism, agriculture, banking and finance can be made priority areas, with the prospect of expanding the use of national currencies in trade and investment activities.

Conclusion

India has to carve out a political and economic space for itself in Central Asia, alongside Russia's role as net security provider and China's dominating economic presence. The Central Asian countries would welcome India breaking into this Russia-China duopoly.

5. Japan has not only been a trusted partner in India's journey towards economic strength but has also emerged as a critical strategic ally. Do you agree? Critically examine.

Introduction

“We see Japan as a natural partner in our journey of becoming a major centre of manufacturing, investments & knowledge industries” - Indian prime minister.

India and Japan relation has been time tested and are major partners of development as well as defence in the Asian/indo-pacific region.

Body

Japan as a trusted partner for economic development:

- Key source of FDI: Japan is the third-largest source of FDI (\$28.160 billion between 2000 and June 2018) investment into India after Mauritius and Singapore.
- Japan has been extending bilateral loan and grant assistance to India through Official development assistance.
- Investment in the industrial projects like
 - Delhi-Mumbai Industrial Corridor (1,483 km high-speed rail and road line) which will see the setting up of new cities, industrial parks, ports and airports.
 - Ahmedabad-Mumbai bullet train service and has already released the first tranche of 5,500 crore rupees.
 - Delhi Metro Project has also been realized with Japanese assistance.
- India and Japan have already signed CEPA and is working to improve trade aspects through regional connectivity projects as well as multilateral trade agreements like RCEP.
- Even historically, transformational development in the economic history of India was Suzuki Motor Corporation's path breaking investment in India in the early 1980s that revolutionized the automobile sector, bringing in advanced technology and management ethics to India
- Japan support in Indian schemes like Digital India, start up India and so on E.g. India-Japan Digital Partnership, Joint Start-up hub.
- Cooperation in skill development: with tie ups with National skill development corporation and skill development courses launched.

Japan as a key strategic ally:

- Military and Naval exercises: like Shinyu Maitri, Dharma guardian and Malabar.
- Quad group: along with USA and Australia to have deliberations on peaceful development of Indo-pacific region and counter the rising aggressive China.
- 2+2 dialogue: between external and defence ministers to further deepen bilateral security and defense cooperation.
- India and Japan always have a convergence of interest in Indo-pacific region - supported freedom of navigation and unimpeded lawful commerce in international waters and opposed Chinese aggression in South China sea.

- Negotiations are in place to increase the trade in defence equipment from Japan E.g. Japanese US-2 amphibious aircraft for surveillance purpose in the Indian Ocean
- Japan and India signed Nuclear deal recently and this is the first time Japan has signed a nuclear deal with a nuclear power country showing its trust in India.

Concerns in Japan-India relations:

Though, Japan has been a key ally in the Asian region over the time, there are certain concerns which have strained the relations between the two. Some of them are

- Japan-China trade is around \$300 billion compared to \$15 billion between India and Japan. Thus, in economic sense Japan's interest lies more with Chinese than India.
- Japan's Sanitary and Phytosanitary Measures (SPS) are major barriers to Indian exports of poultry, meat, shrimps and fruits like mangoes and grapes
- Though a strategic partner, Japan has offered neither military hardware nor technology to India which has immense potential.
- Japan has changed its stance towards Belt and road initiative causing a cause of concern for India.
- The Nuclear power status of India is seen with apprehension by Japan which is the main reason for limited relation in defence and energy sector. Japan had blacklisted Indian firms, stopped ODA after nuclear tests in 1998. Even in the latest signed Civil nuclear deal, there is an escape clause for cancellation of the deal.
- Focused on countering China: Both countries have border and hegemonic issues with China. So, their policy stance hinges generally on China, rather than growing comprehensively.

Conclusion

With 21st century being the Asian century and China being aggressively assertive, Japan will be a key for India to maintain the balance in the region. The development of the Indo pacific is tied to the development of both the countries and they have to strengthen their ties in maritime security, defence deals, Indo-pacific trade and finally use the soft power including people – people connect to realize the dream of Asian century.