

June-July | 2020

**Monthly Compilation of Views of
VIF Expert Groups**

China
US-India Relations
Indo-Pacific
European Union
Pakistan
India's Neighbourhood

Edited by Aayush Mohanty



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

Tel: 011-24121764 | Fax: 011-66173415

E-mail: info@vifindia.org

Website: www.vifindia.org

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Editor's Note

As COVID-19 continues to mount heavy casualties worldwide, China's aggressiveness on the Line of Actual Control (LAC) and expansionism in the South China Sea has led India to look for viable strategic solutions to counter China. The Vivekananda International Foundation (VIF), in response to these transgressions, held several task force meetings engaging with various experts, including former military, diplomats, and distinguished academics. The meetings on China, Pakistan, Europe, U.S., Indo-Pacific, and India's neighbourhood got domain experts together who contemplated proportional responses against China and Pakistan. The E.U. and U.S. expert groups focused on analysing the EU-China summit and the Indo-Pacific strategy, respectively. India's neighbourhood experts' group meeting explored options on India's future engagement with its neighbours and discussing connectivity with them. The Indo-Pacific group met twice virtually and have recommended potent ideas to strengthen India's Indo-Pacific strategy.

The June-July issue of the report contains serious and tireless efforts of the VIF's experts who came together through virtual meetings and discussed, deliberated on all options available to India in a time-bound manner. The coordinators from the VIF research

team of these expert groups have written well-detailed reports of the proceedings, which would hopefully be helpful to the strategic community in India and abroad.

Aayush Mohanty

New Delhi
July 22 2020

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India's economic responses against China and COVID-19's effects on BRI

Compiled by Dr Teshu Singh

The Vivekananda International Foundation (VIF) hosted the sixth meeting of the Experts Group of China on June 22, 2020. The meeting was moderated by Dr Arvind Gupta, Director of VIF. Attendees of the Experts Group meeting were Lt Gen Ravi Sawhney, Amb Ashok Kantha, Mr Jayadeva Ranade, Amb. R. Rajagopalan, Amb TCA Rangachari, Lt Gen SL Narasimhan, CMDE Gopal Suri, Prof Srikanth Kondapalli, Prof Madhu Bhalla and Dr Sanjeev Kumar. The agendas for discussion as set by the Experts group on China for discussion was India's economic engagement with China in response to Chinese aggression along with the impact of COVID-19 on One Belt One Road (OBOR). A detailed report on these subjects has already been forwarded to the concerned authorities.

Revisiting India's Economic Engagement with China in the light of Recent Developments

India-China Relations

The landscape of investments from China has changed in the last few months. Three specific developments show this trend. First, there appears to be no improvement in the perennial problem of

trade deficit. India-China trade is USD 81.86 billion. While India exported USD 16.6 billion, it imported USD 65.26 billion making the trade deficit with China stand at USD 48.66 billion.

The second trend indicates that the COVID-19 crisis has had a significant impact on the global economy including the Indian economy. Meanwhile, the crisis has demonstrated the vulnerability of the Global Supply Chain and the need for reducing the dependence on China, while improving supply chain resilience and safety. This has initiated a discussion in India to reduce dependence on China. The *Atmanirbhar Bharat* campaign is an endeavour towards greater self-reliance through domestic manufacturing. The Press Note 3 of April 17, 2020, released by the Department for Promotion of Industry and Internal Trade (DPIIT) would now keep a check on the foreign investments, especially from China. It requires for all investments from countries that share a land border with India to go through the government approval route, irrespective of the sector. Indirect investments from these countries that are routed through different jurisdictions such as Mauritius are covered as well.

Third, the border stand-off in Eastern Ladakh is the most serious incident on the LAC in the last four decades. Consequently, the bilateral relations are at the watershed moment.

The necessity for reducing dependence on China

Indian consumers are heavily dependent on Chinese electronics, while 62 per cent of India's imports are intermediaries from China. The medical dependency on China also came to the forefront, especially when India was preparing to counter the COVID-19 crisis. Amid the recent stand-off and COVID-19, the Indian consumer sentiment is increasingly becoming negative towards

Chinese products. The prevailing sentiment and the support of the private players gives the Indian Government necessary support to push forward with the *Atmanirbhar Bharat* campaign benefiting local manufacturers.

Requisite to Label – ‘Made in India’

The need to label the product regarding the value-addition done in India is imperative. This procedure should be standardized for all sectors and should not only be limited to e-commerce.

Revitalizing the API Industry

In the 1980s, India was the leader in Active Pharmaceutical Ingredients (API). Subsequently however, Indian private companies chose to import this vital ingredient from China as they found it comparatively cheaper. Now, there is a requirement to refocus on reviving the indigenous production of this essential ingredient.

Rethinking of relations with Taiwan

The New Southbound Policy instituted by President Tsai Ing-wen gives impetus to reaching out to India. There is a need to push this relationship. The bilateral trade has already reached USD 7.5 billion. In addition to electrical machinery and equipment, electronics, and semiconductors, collaboration with Taiwan, especially on food processing and related sectors will help India to boost its exports with other countries.

To make India attractive for Investment

India stands seventh in the priority of countries looking to shift their business from China. The preferred destinations for investments are

Vietnam, Thailand, and Mexico. In India, labour and land reforms, connectivity, and infrastructure are required to be further improved to make it more attractive for investment. These issues have to be mitigated at both, the state and the central level.

To facilitate investment, the government has administered a questionnaire to 200 U.S. companies asking for responses on five major hurdles faced by them in India and the policy changes they would like to see before they consider investing here. The feedback from the companies must be taken due note of and policy changes affected on a priority basis.

Reducing dependence on China will be a lengthy process. For this purpose, the Production Linked Incentive (PLI), component manufacturing in India, and the development of Cluster Management schemes are being promoted. The PLI scheme launched by India is a WTO complaint scheme. India is moving away from export linked schemes to production linked schemes, which will help get investments.

US-China Decoupling

Amid the US-China decoupling, companies are not actively looking to get out of China. Those who are moving out partially are retaining their major part of manufacturing units in China (China plus one model). The Chinese authorities however, are discouraging this process by giving further concessions and inducements to them. They are staying on as it ensures market access for them. India must, however, make an endeavour to attract the China plus one model segment for shifting business here. As mentioned earlier, this will only be possible if the government considers the feedback from companies adopting the China plus one model and subsequently

work on the suggestions to be a preferred destination for setting up their manufacturing plants.

Impact of COVID-19 on Future Directions of One Belt One Road

Status of the One Belt One Road Initiative Projects amid COVID-19

Ministry of Foreign Affairs of China has stated that around 20 per cent of OBOR has been “seriously affected” due to the coronavirus pandemic. According to them, “40 per cent of projects have seen a little adverse impact, and another 30-40 per cent have been somewhat affected”.

Initiatives taken by the Chinese government amid the COVID-19

On February 26, 2020, the Politburo Standing Committee members decided that international cooperation is the key to advancing the COVID-19 related developments. Since then, the propaganda machinery of the party has started promoting the Health Silk Road. The Health Silk Road has been added to the list which includes the Polar Silk Road, Digital Silk Road, Green Silk Road, and Educational Silk Road.

On June 18, 2020, Chinese Foreign Minister Wang Yi chaired a video conference with representatives from 26 countries as well as the Director-General of the World Health Organisation(WHO), Tedros Adhanom Ghebreyesus. During this interaction, participants agreed to develop the Health Silk Road. Notably, out of 70 countries that have joined OBOR, only 26 countries participated, and many countries had sent their junior representatives to attend the virtual conference.

Progress of the OBOR Projects

Several projects under OBOR have been halted, including the flagship China-Pakistan Economic Corridor (CPEC). However, some projects such as the East Coast Railway link in Malaysia and, the China-Laos Railway line are going ahead under the circumstances, which suggests that there has been incremental progress of the OBOR. The freight trains that carry goods to Europe were functional. Nevertheless, in reality, there may not have been much progress of OBOR during the COVID-19 pandemic.

OBOR, COVID-19 and the Structural Problems

Due to COVID-19, there was a structural problem with the implementation of the OBOR projects as there was reduced capital flow. China directed much of its funds to deal with the domestic economic fallout due to the coronavirus. Despite these concerns, the OBOR projects are expected to bounce back next year unless countries associated with it have a viable alternative.

Growing India-U.S. relations enhancing a joint vision of Indo-Pacific

Compiled by Aarushi Suri and Himani Pant

India's relations with the United States of America assume a special significance as both share a vision of an open, stable and a prosperous Indo-Pacific. To discuss the scope and potential of India-US ties within the framework of the Indo-Pacific region, the Vivekananda International Foundation (VIF) organised a meeting of the U.S. Experts' Group on July 3 2020. The experts participating in the discussion included VIF Director, Dr Arvind Gupta, Amb. Satish Chandra, Amb. Arun K Singh, Lt Gen Ravi Sawhney, Mr Gourangalal Das, Amb. Kanwal Sibal, Amb. Anil Wadhwa, Lt Gen Anil Ahuja, Vice Admiral Satish Soni, Prof. KP Vijayalakshmi, Mr Pranav Kumar and Dr Harinder Sekhon. The group deliberated upon the prospects and challenges for India-US relations in the Indo-Pacific in the rapidly evolving geopolitical situation and the policy options that lie ahead for India.

In the backdrop of China's growing assertiveness on the Line of Actual Control (LAC), there is a greater onus on India to balance China's manoeuvrings in the Indo-Pacific region. India has often reiterated its open and inclusive approach towards the Indo-Pacific, calling for cooperation with all countries situated in the region. The

scope of Indo-US cooperation in the Indo-Pacific could be assessed vis-à-vis three main pillars of the bilateral partnership: political, trade and economic relations and military ties.

Political

India's 'inclusive' Indo-Pacific policy has been instrumental in ensuring close cooperation with the U.S. and other 'like-minded countries' (Japan, South Korea, Australia, New Zealand and Vietnam) to balance a proactive China. A coherent and calibrated political strategy to ensure stability and prosperity in the Indo-Pacific could be realised with the harmonisation of India's 'Act East' policy with the U.S. Congress funded Asia Reassurance Initiative Act (ARIA). This would also have positive implications for India-US bilateral cooperation.

Trade & Economic

Although the India-US trade and economic ties, in general, have been growing steadily over the years, they are yet to finalise the 'limited trade agreement' despite multiple rounds of negotiations between the United States Trade Representative (USTR) and Indian Ministry of Commerce & Industry. Expediting the conclusion and subsequent implementation of this Phase-I trade agreement would signal the convergence to the rest of the world.

The U.S. continues to be the largest investor in the Indo-Pacific region. However, the U.S. needs to project its economic contribution to the development of the region further in order to counter Chinese claims. There is a need for a structured approach for channelling these towards achieving its foreign policy objectives in the region. An alternative to Chinese investments is critical in order to establish

a fair and transparent economic order in the region. Setting up of funding facilities such as Development Finance Corporation (DFC), and the Millennium Challenge Corporation are some of these initiatives in this direction by the U.S. .

In the aftermath of the COVID-19 outbreak, India has also responded to initiatives by the U.S. and others to build-up newer regional value chains that are more resilient and reliable. The aim is to make these new value chains less susceptible to political manipulation, especially in sectors of critical importance such as pharmaceuticals, food, defence equipment, and electronics. To leverage this opportunity, India needs to undertake tangible domestic reform in order to signal an open business environment and attract investment.

Investments provides an opportune moment for the countries in this region to come together and prevent China from unilaterally driving and defining the standards-setting process, especially on critical issues regarding data and emerging technology. The Blue Dot Network initiated by the U.S. to bring about greater transparency and sustainability in infrastructure development in the region is a step in this direction as it provides an alternative to China's politically-motivated developmental financing under its Belt & Road Initiative (BRI). India needs to evaluate the economic and strategic importance of the Blue Dot initiative and come on-board with few modifications if needed.

Military

The India-US 2+2 dialogue has emerged as a principle mechanism that brings together their viewpoints on foreign policy, defence and strategic issues. Enhanced defence cooperation, in turn, has facilitated

a coordinated approach to the Indo-Pacific. The Communications Compatibility and Security Agreement (COMCASA) between the two countries has now become a crucial enabler for rapid intelligence-sharing.

As part of the greater Indo-Pacific focus, the evolving cooperation between countries of the Quadrilateral Security Dialogue (QUAD) including India, Australia, Japan and the U.S. is also relevant. As of now, India has shied away from militarising of the QUAD. Its approach differs from the 'confrontational' model proposed by the U.S..The future trajectory of the QUAD would play an essential role in this respect. The current focus of the QUAD is centred on undertaking practical initiatives such as in the sphere of Counter-terrorism. Notwithstanding the direction that QUAD takes, boosting the mechanism is crucial in developing trust and demonstrating it as a reliable alternative to China, for other countries in the region.

Enhanced defence cooperation and partnerships between India and other Indo-Pacific countries, including the U.S., indicate India's outreach to balance China's manoeuvrings in the Indo-Pacific region. India-US cooperation is crucial for enabling a comprehensive, multi-pronged Indo-Pacific strategy. A key element for both in their approach to the Indo-Pacific would be dealing with a more aggressive China in several other regions like the East China Sea, South China Sea, and along the India- China border. A concerted policy is needed to prevent China's rise in the post-COVID-19 scenario and requires both countries to revisit their China strategies with a sense of urgency.

The India-US partnership carries immense scope as well as potential given their increasing convergence of interests on bilateral, regional and global issues centred on countering an assertive China.

Consequently, their Indo-Pacific policy calls for a holistic and integrated approach in all three pillars discussed above. In this respect, much would also depend upon the results of the upcoming U.S. Presidential elections and the extent to which both countries can coordinate their respective Indo-Pacific policies.

India's options in the Indo-Pacific

Compiled by Amruta Karambelkar

The Vivekananda International Foundation (VIF) Indo-Pacific Experts Group discussed various issues of relevance to the Indo-Pacific during their meetings held on 19 February, 20 May and 26 June 2020. The impact of COVID-19, the emerging geopolitical situation, and the effect of these and other developments on India were amongst the subjects discussed. The group is helmed by Vice Admiral Anil Chopra (retd). Director VIF Dr. Arvind Gupta, Amb. Anil Wadhwa, Amb. Deepa Gopalan Wadhwa, Lt. Gen. Ravi Sawhney (retd.), Mr. Anil Devli, Mr. Akshay Mathur, Dr. Harinder Sekhon, Amb. Gautam Mukhopadhyay, Group Captain Naval Jagota, and Mr. Rajiv Kher are a part of the Indo-Pacific task force of the VIF.

Introduction

As per Indian perception, the Indo-Pacific geography extends from the Western Pacific to the East Coast of Africa. However, due to the emergence of COVID-19 from China, the LAC stand-off, and continued Chinese aggressiveness in Hong Kong and the South

China Sea, the group was focussed on developments emanating from Beijing's actions during this extremely eventful quarter.

Major Events in The Indo-Pacific

- COVID-19 Pandemic- Grave social and economic impact is felt all over the world. The role of China is under scrutiny internationally. China's handling of the pandemic, including the doctored narrative, faulty test kits & PPE, its influence in the WHO and the simultaneous aggressiveness on its borders and periphery have severely dented its image. Countries are reconsidering their relationship with China, and a much stronger pushback against China is likely, despite economic linkages and dependencies
- QUAD and QUAD-Plus –The members of QUAD commenced regular meetings to assess the impact of developments in the Indo-Pacific region. South Korea, Vietnam, and New Zealand joined the QUAD members in discussing measures to address the pandemic, in a loose grouping called QUAD+. It is yet to be seen how the grouping materialises.
- COVID-19 Enquiry – Australia initiated the demand for an independent enquiry on the origins of COVID-19. The resolution at the WHO was supported by 124 countries. There was consequent economic retaliation from China against many countries.
- South China Sea: China has set up new administrative units in the Spratly and Paracel islands. This has further strengthens China's de-facto control in the South China Sea. Its aggression

in the South China Sea continued even during the pandemic. To this, there was a naval response from USN and Australia by way of FONOPs.

- **Indo-Pacific Deterrence Initiative:** A bill was passed in the U.S. Congress seeking to increase America's forward presence, improve defence infrastructure and basing, with assured access to the Indo-Pacific region. This is part of the U.S. national defence strategy against 'strategic competitors.' Capacity building and strengthening of allies, increased exercises are amongst its objectives. The U.S. Senate approved USD 6 billion for the Pacific Deterrence Initiative (PDI). This is considered a significant development that demonstrates the U.S. resolve against China.
- **U.S. Navy Aircraft Carriers:** The US Navy deployed three aircraft carriers in the Western Pacific for the first time since 2017. China reacted strongly, underscoring US Carrier vulnerabilities to its land-based ballistic and cruise missiles. This was brushed off by the U.S., which continued with the deployment.
- **ASEAN Solidarity:** For the first time, a joint statement that upheld UNCLOS as the basis for dispute resolution in the South China Sea was made at the end of the ASEAN Summit. This is also considered a significant development concerning the SCS imbroglio.
- **The Philippines and the Visiting Forces Agreement:** President Duterte has reversed his earlier position on the VFA with the U.S. The abrogation is suspended at the moment. The

Philippines also sided with Vietnam over China's aggression in the SCS.

- **Sino-India Conflict on the LAC:** The month of June saw serious tensions on the LAC in the Ladakh. There have been casualties on both sides. Henceforth, Sino-Indian relations are poised for fundamental change.
- **Hong Kong Law:** China passed the National Security Law for Hong Kong. The act criminalises acts of secession, subversion, terrorism and, collusion with foreign forces. The law gives Beijing unprecedented power over Hong Kong. The law makes it easier to act against protestors and also diminishes Hong Kong's autonomy. There has been worldwide condemnation of this other than many African nations beholden to Beijing and a few of China's allies.

Discussions

- The group discussed the undermentioned aspects and issues during the meetings:
- The origins, drivers, rationale, and diverse approaches regarding *the concept of the Indo-Pacific* and the implications, threats, and opportunities.
- *COVID-19* with specific impact on India and China.
- *Sino-Japan relations* with specific reference to the economic interdependencies, Japanese investment, and tensions in the East China Sea.
- Indo-Japan relations, including the signing of Acquisition

and Cross- Servicing Agreement (ACSA) and upgrading military ties.

- *India-Australia relations* with specific reference to the recent virtual Summit, comprehensive strategic partnership, a joint vision for the Indo Pacific, emerging Australian assertiveness.
- *Australia- China relations.*
- *Russia's role* in the Indo-Pacific.
- *Continental aspects of the Indo-Pacific* including Chinese investment in Iran, Central Asia, and former closed economy members like Cambodia, Laos, Myanmar and Vietnam.
- *India's defence spending.*
- *Indian credibility in the region* due to delays in delivery/ completion of projects.
- *U.S. Power, capability, and likely engagement with the Indo Pacific.*
- *U.S. control over Chinese supply chains.*
- *Economic and trade dependencies* of the region with China with particular reference to India, Australia, and Japan.
- *India's participation in East Asia Summit (EAS), Shanghai Cooperation Organisation, Russia India China trilateral meetings.*
- Regional Comprehensive Economic Partnership, Comprehensive and Progressive Agreement for Trans-Pacific Partnership and other FTAs.

- The impact of COVID-19 lockdown, and flight ban on *Indian seafarers, loss of jobs to Chinese seafarers.*
- *U.S.-Saudi relations, the impact of oil prices.*
- *Naval balance of power in the Indo-Pacific.*
- Potential for *India-EU economic and strategic cooperation.*
- *Non-traditional security issues in the Indo-Pacific.*
- *ASEAN in Sino-U.S. competition in the Indo-Pacific, ASEAN-China relations during COVID-19 pandemic.*
- *Chinese aggression in the South China Sea and the East China Sea and other aggressive actions since the pandemic broke out.*
- Alternative connectivity to the *Belt and Road Initiative.*
- Impact of the pandemic on the *Sino-U.S. trade war/deal* and the latest bilateral dynamics.
- *A post-COVID-19 world order, the future of globalisation, and its impact on India.*
- *The LAC situation on the northern border.*
- *China's relations with West Asia, East Africa and in the Indian Ocean Region.*
- Contemporary *regional developments and dynamics in West Asia.*
- India's policy of *strategic autonomy.*

- *The potential of QUAD* for India's national interest.

Recommendations

QUAD

- Convene a ministerial-level meeting of the QUAD at the earliest.
- Aim to get a joint statement issued about China's action in the South China Sea, East China Sea, and Line of Actual Control & Hong-Kong.
- Give permanence to QUAD by establishing a permanent rotating secretariat.
- Work out an agenda for the QUAD+ grouping beyond COVID-19.

Malabar

- Schedule an exercise in the near term.
- Expand the scale and scope of the exercise.

ASEAN

- Support the statement of ASEAN on the relevance of UNCLOS to resolve all disputes in the South China Sea.
- Publicly reach out to Indonesia, Vietnam, and The Philippines.
- Increase participation in EAS, ASEAN, and Asia- Pacific fora.

U.S.A

- Invoke the bilateral dimensions of the comprehensive strategic partnership to seek relevant assistance in intelligence, cyber operations, and requisite hardware.
- Seek- full membership of the Five Eyes Intelligence grouping.

Russia

- Encourage and schedule a Japan-Russia -India trilateral to draw Russia into the Indo-Pacific framework.
- Continue regular engagements with RIC and SCO
- Encourage Russian investment in Make in India in defence production.
- Engage Russia on cyber-security and cyber-technology cooperation.
- Call for Russian neutrality.

South China Sea

- Consider coordinated patrols in the SCS with Japan, France, the US, Australia.

Japan and East China Sea

- Publicly support Japan's position in the East China Sea disputes.
- Consider participating in the multinational effort to enforce an embargo on North Korea.

Criticising China

- Join multinational efforts to have China investigate the origins of COVID-19, and take accountability and responsibility for the same.
- Joint multinational efforts to highlight China's human rights record in Hong Kong, Tibet, Xinjiang.

Economic Issues

- Initiate major effort for identifying substitutes for critical Chinese imports, including electronic components from Taiwan and South Korea.
- Consider joining multinational efforts to impose regulations on Chinese state-owned enterprises.
- Reject Huawei as a contender for India's 5G network. Explore substitute from Europe or the U.S. and Japan.
- Upgrade economic relations with Taiwan.
- Explore a concert of nations that could be self – reliant as a group to stop dependence on Chinese products.

Military

- Deploy maritime forces at critical choke points with maximum visibility.
- Ramp up logistic support capability of Andaman and Nicobar command.
- Sign ACSA with Japan.

- Schedule Malabar and bilateral naval exercises with maximum visibility.
- Review pending proposals for joint patrols in areas of interest.
- Explore additional turnaround facilities in the region.
- Actively utilise available cyberattack capabilities to relay requisite information to the Chinese population, including casualties.
- Publicly announce a committed increase in the defence budget for the next five years.
- Be prepared to contribute to the joint military requirements of QUAD and Malabar.
- Coordinated patrols with Japan, France, the U.S., Australia.

Domestic

- Formulate a specific strategic communication methodology to reassure the Indian public and neutralise Chinese propaganda.
- Take the opposition and the Indian public into confidence, and aim for maximum transparency to increase trust in the government.

Conclusion

Given the increasing number of bilateral and multilateral aspects rapidly emergent in the Indo-Pacific, the Expert Group resolved to limit its deliberations to examining all developments and issues in the region from India's prism and perspective, and highlight those resulting in specific threats, and opportunities.

EU-China virtual summit and its implications for India

Compiled by Himani Pant

To deliberate on the evolving dynamics in EU-China relations and their implications for India, the Vivekananda International Foundation (VIF) organised a virtual brainstorming session on July 6 2020. The discussion was led by Director VIF, Dr Arvind Gupta, who delivered the opening remarks. This was followed with presentations by Prof. Gulshan Sachdeva, Amb. Anil Wadhwa, Amb, TCA Rangachari, Amb. Kanwal Sibal and Lt. General Ravi Sawhney.

At the recent EU-China summit, the E.U. adopted a stricter posture. It has also taken steps towards scrutinising foreign direct investments from China- indicating a visible shift in the E.U.'s stance as it deals with China. These developments in E.U.- China relations call for considerable attention from India as it deals with aggressive China at its border and copes with the economic downturn exacerbated by COVID-19. Recalibrating ties with the E.U. in the post-COVID-19 scenario could be an essential part of India's outreach to cope with the challenge.

Differences between the E.U. and China have been growing for the past few years. In its EU-China Strategic outlook last year (March 12 2019), the E.U. termed China as a “systemic rival promoting alternative models of governance”. These prevailing differences have intensified in a vulnerable environment unleashed by the COVID-19 pandemic as the E.U. seeks for a more ‘level playing field’ concerning China. The virtual summit which took place on June 22, 2020, concluded without a joint statement. In the media briefing following the summit, the E.U. emphasised that they, “did not share the same values, political systems, or approach to multilateralism” with China but underscored the importance and necessity of the partnership.

As the E.U. deals with the economic downturn, its reservations regarding China’s trade practices have increased. Unfair competition from Chinese state-owned firms as well as unequal market access into the Chinese market for the E.U. is among the various grievances they have against China. The E.U. has released a white paper to ‘prevent foreign subsidies from distorting procurement procedures and ensure that firms benefit from fair access to public contracts.’ It has also created a new Foreign Direct Investment (FDI) screening mechanism to limit the takeover of local firms by foreign (Chinese) companies. In addition to economic grievances, E.U.’s concerns regarding China include Beijing’s imposition of security law in Hong Kong, its selective and delayed information as well as various other human rights-related issues.

Although these developments indicate a toughened E.U. stance towards China, ‘high economic dependency’ on the latter would play a significant role in deciding the extent of concrete action. E.U. and China share a robust trade relationship. China is the

E.U.'s second-largest trading partner, and the EU is China's largest trading partner. As pointed out by European Council President Charles Michel, relations with China are an opportunity as well as a necessity. Nevertheless, they do indicate an inflection point in the EU-China relationship. These developments in EU-China relations are particularly significant for India owing to its worsening relations with an increasingly assertive China. Relations with 'like-minded partners' especially the E.U. are important for India as it grapples with aggressive Chinese policies.

Unlike the E.U. and China, EU-India share values of democracy, freedom and the rule of law. These universal principles could be utilised to build a more robust partnership with the E.U., especially in the economic sphere. Besides, the E.U. would also require additional incentives to engage with India. To realise this, India needs to be more proactive in pushing for the Free Trade Agreement (FTA) known as the Bilateral Trade and Investment Agreement (BITA). The following areas remain necessary for India-EU cooperation in the post-COVID-19 scenario:

- Cybersecurity and Budapest convention on cybercrime
- Digital economy and connectivity, trade and investment
- Clean Energy & Climate change, green deal
- Education, research and development on the vaccine and other areas
- Maritime and Space security

To conclude, the E.U. and India share a range of converging interests and shared values but fall short of realising the full potential of their

partnership. E.U.'s rising apprehension regarding China presents an opportunity for India to strengthen its strategic partnership with the E.U. An important step in this direction would be to have regular exchanges with the E.U. leadership. A discussion forum akin to the transatlantic dialogue on dealing with China carries immense potential in this respect. India must build an understanding of its border issues and other concerns with China. A consensus could be built based on EU-India common concerns regarding China.

Scandals, mismanagement in Pakistan during COVID-19 crisis

Compiled by Dr Yatharth Kachiar

Two meetings of the Pakistan Study Group of the Vivekananda International Foundation (VIF) were held via video conferencing on June 5 and July 8, 2020. The main items on the agenda were handling COVID-19 pandemic in Pakistan and implications, the Sugar scandal and fallout, civil-military relations, Pakistan and the India-China stand-off, India-Pakistan reduction of diplomatic staff, Aviation fiasco, Afghan Peace Process, and Report of the U.N. sanctions monitoring committee. The Meetings were attended by the following. M/s Shalini Chawla, Shri Sushant Sareen, Shri Rana Banerjee, Amb G. Parthasarthy, Amb Satish Chandra, Amb TCA Raghavan, Amb Amar Sinha, Amb Gautam Mukhopadhyay, Amb DP Srivastava, Brig (R) Rahul Bhonsle, Shri CD Sahay, General NC Vij, Lt Gen (R) Ravi Sawhney, Lt Gen (R) Ata Hasnain, Shri Tilak Devasheer. Director VIF Arvind Gupta moderated the meeting.

Handling of COVID-19 in Pakistan and its implications

The Imran Khan government has come under tremendous criticism for mishandling the COVID-19 crisis. In the absence of a clear

and coherent strategy, the pandemic in Pakistan has continued to spread unchecked. In the early stages when the virus was primarily confined to the urban areas, the indecisiveness in imposing a full lockdown affected Pakistan's ability to deal with the pandemic successfully. This delay in the early stages defeated any subsequent attempt of flattening the curve and containing the spread. The hospitals in Pakistan are already operating above their capacity. There is a possibility that the actual number could be much higher than is being reported. The lack of coordination with the provinces also created further complexities in handling the crisis. Since the crisis began, Pakistan has not been able to implement a complete lockdown successfully. The imposition of lockdown had already become an issue between the provinces and the Federal government. Khan's failure to form a coherent strategy forced many provincial governments to chart their course to deal with the pandemic. Subsequently, the Federal and Provincial governments are accusing each other of not cooperating or handling the crisis appropriately.

Further, as compared to the big cities like Lahore, Karachi, and Islamabad, the smaller cities and towns do not seem to be of prominent concern for the public health officials. These smaller cities also lack the capacity as well as the infrastructure to deal with such a crisis. To make the situation worse, the government has not made any effort in educating or tracking and testing the COVID-19 cases in rural areas. In April, a World Health Organisation (WHO) report indicated that the local transmission of COVID-19 cases in Pakistan has risen to 80 per cent. The Eid holidays and the lifting of lockdown allowed a large number of migrants to travel back to their villages, thereby has worsened the spread of the virus from major urban areas.

Moreover, the government faced pressure from the religious leaders to allow the mosques to operate unhindered. There was also pressure from the business community to open the economy, leading to divergent views whether to go ahead with the opening of the economy or imposing a strict lockdown. The healthcare system in Pakistan is already over-stretched due to the pandemic. The unavailability of personal protective equipment (PPE) and lack of training for the medical staff to accurately record cases has worsened the current situation. The protests by doctors in Balochistan due to the unavailability of PPE indicates the dire condition of health infrastructure in Pakistan.

The Federal government has also received flak for its inept handling of the pandemic from the Supreme Court. One of the prominent judge in the Supreme Court criticised the PTI government for not doing enough, saying that, “the public has been left at the mercy of God.” The court also asked for the removal of Zafar Mirza, the special assistant to the PM on health, for incompetency in containing the COVID-19. The situation has worsened as the recent sugar corruption scandal has created fissures within the PTI government. The initial reports indicate formation of blocks within the party to undermine the Federal government. The distress within critical institutions such as judiciary and military concerning Khan’s ability to govern and handle the pandemic effectively has increased in the past few months.

The pandemic has exacerbated the economic woes of the country. In July 2019, Pakistan asked help from the IMF under its Extended Fund Facility (EFF) program to manage its twin deficit problem—fiscal and current account. Pakistan was able to reduce its current account deficit (CAD) by over 70 per cent in FY 2019-20 by opting

for massive devaluation and reducing imports. However, there was no improvement in the fiscal deficit, primarily due to low revenue collection. At present, when the country is facing a decline in remittances and exports, it is highly likely that the twin deficits will re-emerge.

On June 12 2020, Pakistan unveiled a Rs 7.14 trillion budget for the fiscal year 2020-21 with defence allocations amounting to around Rs 1.3 trillion, which is almost 12 per cent higher than last year. The increase in the defence budget will enhance the economic woes of the country. The government has allocated Rs 70 billion for combating the coronavirus and other disasters and Rs 80 billion for special economic zones. There could be a further demand to substantially increase government spending on health, education, and social service sectors. By relying heavily on foreign aid, Pakistan has opted for a narrow vision to revive its economy. These measures can assuage the economic woes for a short-term; however, what Pakistan requires at this juncture is deep structural reforms.

The recent locust infestation faced by Pakistan has threatened the food security in the country. According to an FAO report, in Pakistan, 38% of the area (60% in Balochistan, 25% in Sindh and 15% in Punjab) are breeding grounds for the desert locust. The entire country is under the threat of invasion if the desert locusts are not contained in the breeding regions. The report also indicates that the locust infestation could cause severe damage in areas where major winter-sown crops like wheat, chickpea, and oilseeds grow. At present, when the population is already dealing with the severe blow of COVID-19 on health and livelihoods, this impact on food security and nutrition because of the locust infestation could prove disastrous especially for the vulnerable communities in Pakistan.

The Sugarcane scandal and fallout

Apart from the COVID-19 pandemic, what is troubling the government in Pakistan are the two recent inquiry reports which brought into light the corruption involving influential sugar and flour cartels in the country. The inquiry reports have shifted the attention of the entire nation away from the pandemic towards its political woes. In an embarrassment to the government, the reports highlight the role played by people who are part of the ruling dispensation such as, Jehangir Tareen, a crucial figure behind the rise of Imran Khan to power in Pakistan. In January 2020, Pakistan had seen a sudden spike in the price of essential commodities such as sugar and flour, which created much resentment among the masses. To assuage this growing resentment, Imran Khan Government had ordered the inquiry into the rising prices of sugar and flour. Even before the inquiry reports, there were rumours that powerful politicians within the government were involved in manipulating the market and supply of sugar and flour to earn hefty profits. By ordering an inquiry, Imran Khan successfully contained the looming crisis that was threatening the credibility of the government.

There have been indications of increasing factionalism within the government. Jahangir Tareen's influence has proved unsettling for many people. The narrative within the government that Tareen was emerging as an alternative power centre has made even the Prime Minister anxious. Therefore, the factionalism within the Imran Khan government might pose severe repercussions for their stability in the coming months.

The timing of releasing the report amid the pandemic raises pertinent questions about the intent of the government behind such a move. By releasing such crucial reports during the pandemic, the

ruling dispensation has been able to divert the public's attention and angst away from the incompetence of the PM in handling the COVID-19 crisis. At the same time, by waging war against the powerful sugar lobby in Pakistan, Imran Khan has risked the stability of his government not only in Punjab but also in Islamabad.

Pakistan's history indicates that such reports have rarely resulted in bringing about significant changes. The report provides a timely opportunity for the PM to eliminate any potential contenders within the government. It is PM Khan's chance of keeping the army at bay which is growing restless with the poor performance of the current government in handling the COVID-19 crisis. There have been indications that the army might bring some change to rectify the prevailing situation due to mismanagement of the pandemic. The only thing that has tied down the army is the unavailability of an appropriate replacement for Imran Khan.

Civil-military relations

While the inept handling of the COVID-19 crisis has made the military establishment in Pakistan restive, it has allowed the army yet another opportunity to intrude in civilian affairs and dominate the elected government. The initial indecisiveness of Imran Khan about the lockdown while the virus was rapidly spreading pushed the army to take control of the situation. In March, PM Khan's decision not to go ahead with the lockdown was reversed in twenty-four hours by the military as it announced its support for measures to stop the spread of the virus. The swiftness shown by the army in decision-making was in striking contrast with the faltering leadership skills of Imran Khan. Nevertheless, the increasing role played by the army during the pandemic could alter the dynamics of the civil-military relations in Pakistan. By invoking Article 245

of the Constitution, the army stepped in to handle the COVID-19 crisis under 'aid to civil authority' provision.

In the past few months, the executive power of the army has grown exponentially, primarily because of the ineffectiveness of the civilian government. Also, Imran Khan's failure to negotiate successfully with the Provincial governments during the pandemic gave more elbow room for the army to step in. The army has appointed Lt. General Hamood uz Zaman, the commander of army's air defence command, as the Chief coordinator of National Command and Operation Centre (NCOC) to deal with COVID-19 pandemic. The NCOC acts as the implementation arm of the National Coordination Committee (NCC), chaired by the PM and represented by all the provinces, as well as Gilgit-Baltistan and POK.

In Pakistan, the key institution to deal with the natural calamities, National Disaster Management Authority (NDMA), is already headed by an army officer. Both NCC and NDMA are the critical state institutions with the power to distribute resources and forge collaboration with international agencies. Also, in another instance of army's determination to dominate the civilian government, the former Director-General of inter-services public relations, Lt. Gen (retd) Asim Bajwa, was appointed as an exclusive advisor to the prime minister for information. Further, PM Khan suggested the use of the Inter-Services Intelligence agency's (ISI) tracking system to deal with the pandemic. If the suggestion is considered, it could strengthen the hold of the army on civilian affairs. It could be used to target dissent and therefore, threaten the already fragile democracy in Pakistan.

In June 2020, reports emerged again of internal rifts within the PTI government. The Federal Minister for Science and Technology, Fawad Chaudhry, said in an interview to Voice of America (VOA) that non-elected appointees had replaced elected representatives in the close circle of the Prime Minister, who were unaware of the fundamental aims and objectives of the party. Previously, many party leaders had criticised the role played by special advisors and special assistants to the Prime Minister. According to a survey, the percentage of Pakistanis who believe that the current PTI government's performance is worse than the previous government has increased from 35 per cent in December 2018 to 59 per cent in February 2020. The internal divisions within PTI as well its poor performance on all fronts have made it more vulnerable to be pushed around by a more assertive military.

The internal rifts can create dire consequences for the stability of the PTI government, especially when it is dependent on support from smaller coalition partners. Some of Khan's allies in the government have left. The President of Balochistan National Party (BNP-M), Sardar Akhtar Mengal, has left the coalition government after accusing the Prime Minister of not fulfilling his promises that included the recovery of missing persons. At present, the PTI government is dependent for its survival on coalition partners such as Muttahida Qaumi Movement Pakistan (MQM-P), Pakistan Muslim League-Quaid (PML-Q), Grand Democratic Alliance (GDA), and Balochistan Awami Party (BAP). The desertion of the PTI government by BNP-M has made the PTI led government more vulnerable to the bargaining power of other coalition partners. Also, the removal of Jahangir Tareen has weakened the PTI as he was adept in handling the fragile political alliances within the government.

Pakistan and the India-China stand-off

India-China border stand-off in Ladakh gave Pakistan yet another chance to show solidarity towards its 'all-weather friend', China. On May 27, 2020 Khan alleged that India under the Modi government is pursuing "expansionist policies" and therefore, becoming a "threat" to its neighbours. The allegations by PM Khan came against the background of India continuously facing Pakistan-sponsored violence along the Line of Control (LOC) and in Kashmir even during the pandemic. When India and the world are preoccupied with COVID-19, the 'deep state' in Pakistan has enhanced the ceasefire violations and terrorist activities in Jammu and Kashmir. Nevertheless, India has successfully frustrated all the attempts by Pakistan to spread terrorism across the border.

India-China stand-off helps Pakistan in advancing its core strategic interest- to deter and undermine India. In conventional military power, Pakistan could not match India, and therefore, it has always resorted to terrorism to achieve its strategic goals asymmetrically. Pakistan also relies on its 'all-weather friend', China to push back against their common rival. India-China stand-off could provide the needed distraction for the 'deep state' in Pakistan to amplify its 'ceasefire violations' along the LOC or plan another terrorist attack across the border. In July 2020, Pakistan moved approximately 20,000 soldiers along the LoC in occupied Kashmir and Gilgit Baltistan. There have also been reports that Pakistan has activated cadres of Pakistan based terrorist outfit *al Badr* to incite violence in Jammu and Kashmir. The ongoing collaboration between Pakistan and China has brought the possibility of two-front war closer to reality for India. Although Pakistan was quick to deny any such mobilisation of troops to Gilgit Baltistan, India must remain vigilant.

Since the abrogation of Article 370, India has reiterated its desire to recover all territories of the erstwhile Jammu and Kashmir. This reiteration gave Pakistan yet another opportunity to counter India's move there by projecting the vulnerability of the China Pakistan Economic Corridor (CPEC) and Gilgit Baltistan to China. Beijing has raised its stakes in the region by investing USD 14 billion in Daimer Bhasha dam in Gilgit Baltistan.

In the Ladakh sector, the collusion between Pakistan and China has optimal chances for success. Here, three fronts exist for India-Eastern Ladakh, the Karakoram-Siachen tract, and Kargil. Out of these, the Karakoram-Siachen tract presents the most formidable challenge for India. It lies to the northwest of the Ladakh range and is geographically separated segment with the Shyok valley as the dividing line. To safeguard the operational depth of the Indus valley which includes the capital, Leh, India must maintain its hold over Karakoram-Siachen tract, and two other crucial landmarks-Siachen and Daulat Beg Oldi (DBO). Losing these geographical tracts will be potentially dangerous for India as it will broaden the geographical linkage between Pakistan and China. Moreover, it will put a dampener on India's aspiration to recover Gilgit Baltistan by significantly limiting its military options.

In short, the safeguarding of Siachen and DBO is crucial for India to defend Ladakh. For analysts and policymakers in New Delhi, it is instructive to read the 1963 Pakistan-China border agreement which was mostly a consequence of break-down of India's relations with China. The agreement is subject to the larger settlement of Jammu and Kashmir issue.

Indo-Pak reduction of diplomatic Staff

In June 2020, India asked Pakistan to reduce its diplomatic strength by 50 per cent. On this issue, the MEA statement noted: “the behaviour of Pakistan and its officials is not in conformity with the Vienna Convention and bilateral agreements on the treatment of diplomatic and consular officials. On the contrary, it is an intrinsic element of a larger policy of supporting cross-border violence and terrorism.” On its part, Pakistan Foreign Ministry has dismissed allegations of any violation of Vienna Convention on Diplomatic relations by its staff members in India. Consequently, India and Pakistan reduced 50 per cent of their diplomatic missions which led to the return of 28 staffers, including diplomats from Indian High Commission in Pakistan to Delhi, and 39 staff members of Pakistan High Commission in Delhi to Pakistan through the Wagah border.

The recent reduction in diplomatic missions indicates that the relationship has gone into a deep freeze. However, this is not an unprecedented step. Both countries have reduced the staff at their respective missions, including the recalling of High Commissioners during the Kargil War. The recent move by India came in the background of the expulsion of two Pakistani High Commission officials after they were caught on espionage charges.

Aviation fiasco

The European Union has banned Pakistan International Airlines (PIA) from operating in E.U. for six months after Aviation Minister Ghulam Sarwar Khan termed the licences of 262 Pakistani pilots as “dubious”. Following this, Vietnam and Malaysia have also temporarily suspended Pakistani pilots who were granted a licence by Pakistan’s Civil Aviation Authority (CAA). At the same time,

the Gulf countries have also asked the PTI government to provide the details of Pakistani pilots flying in the region.

The controversy erupted after Aviation Minister Ghulam Sarwar Khan released an inquiry report on Karachi plane crash which occurred in May 2020. The Aviation Minister presented a list of 262 pilots in the country with false credentials to be grounded with immediate effect. He stated that almost a third of all pilots licensed by the country's civil aviation authority had obtained their documents fraudulently, mainly by using someone else to sit for their examinations. After the incident, the PIA which is already suffering from a significant financial loss due to COVID-19 pandemic has received a massive blow to its brand value. PIA has already mentioned in a statement that the suspension of 262 pilots would cripple its operations. The state-owned Pakistan International Airlines (PIA) is headed by Air Marshal Arshad Malik, who was appointed as CEO in October 2018. Interestingly, the recent controversy over the fake licenses did not stop the Federal cabinet from extending Mr Malik's tenure for another three years after he retires from the Pakistan Air Force on July 12, 2020.

After the press release by Pakistani Aviation Minister, Ghulam Sarwar Khan, the International Civil Aviation Organisation (ICAO), a U.N. body responsible for coordination between aviation regulators, stated that "any international implications of this development will be subject to each country's assessment of the safety risks it presents." The Pakistan Air Line Pilots Association (PALPA), a body representing pilots in Pakistan, has raised objections to the findings of the aviation ministry's inquiry. The PALPA claimed that the list of 262 pilots- 109 commercial and 153 airline transport pilots- includes many such names who may not be involved in the

scam. Moreover, the Pakistan International Airlines (PIA), along with the country's diplomats abroad, have decided to file an appeal against the six-month ban from operating in Europe. The reports suggest that the airline has sought the assistance of European and U.K. parliamentarians of Pakistani origin in resolving the matter as the ban will cost it a loss of billions of rupees. According to one estimate, the airline will incur a loss of Rs 33 billion because of the ban. The PIA is already facing economic crunch due to the loss of Rs 12 billion as it will not be operating Hajj flights this year. The suspension of flights for Umrah passengers has also affected its revenue.

Another government inquiry into the fake pilot license scam is already underway in Pakistan. The initial inquiry was spurred by an investigation into an airliner incident in November 2018, when a PIA-operated Embraer ATR-72 aircraft skidded off the runway in the South-Western town of Panjgur. There were no casualties, but a subsequent inquiry found that the pilot's licence had been issued on a public holiday. Further investigations led to 17 Pakistani pilots being suspended in January 2019, suspected of committing fraud. Interestingly, in Pakistan, it is the Civil Aviation Authority (CAA) which is responsible for conducting written examination as well as keeping track of the required experience of flying hours of the pilots. Therefore, if pilots with fake credentials were hired and recruited by PIA, then it indicates that the CAA itself is an accomplice in this crime.

Afghan Peace Process and Report of the U.N. sanctions monitoring committee

In Afghanistan, the political agreement between President Ghani and Dr Abdullah is a positive development. The agreement ended

the dispute over the contested presidential election in which both the leaders had claimed victory. As per the political agreement, President Ghani has retained his post as the President, whereas Dr Abdullah will be the head of High Council of National Reconciliation and will have 50 per cent share in the cabinet. The High Council of National Reconciliation will be solely responsible for ensuring progress towards intra-Afghan negotiations and a comprehensive peace agreement. There was a possibility that the political agreement will speed up the preparations for the intra-Afghan dialogue, initially planned to begin from March 10, 2020, under the US-Taliban deal. However, the peace process is facing a stalemate mainly because there is no consensus on the prisoner release. The Afghan government has already released more than 4000 Taliban prisoners but has refused to release the rest of 600 prisoners mainly because of the grave charges against them. On the other hand, the Taliban has still not achieved its target of releasing 1000 government prisoners. No deadline has been provided to release the rest of the government prisoners.

The Eid ceasefire accepted by the Taliban was a positive development, especially when in the last few months, the country has seen a surge in violence even amid the pandemic. For terrorist groups, the medical facilities during the pandemic are no longer off-limits. The brutal attack on Kabul maternity hospital, which killed 24 people, including newborn babies shows the grim reality surrounding ongoing peace process. The latest U.N. sanctions monitoring committee report mentions that there are some 6,500 Pakistani nationals among foreign terrorists operating in Afghanistan and the Jaish-e-Mohammed (JeM) and Lashkar-e-Taiba (LeT). These Pakistan based terror outfits play a crucial role in sending many of these foreign fighters into the war-torn country. The report highlights

the permanent presence of Pakistani terrorists in Afghanistan that pose a serious threat to Afghanistan's security.

At the same time, the U.N. report raises concerns about the role of the Afghan Taliban as a credible partner in counter-terrorism efforts. The claims made in the U.N. report supports India's long-standing position that Pakistan remains the epicentre of international terrorism. The report also highlighted the close and enduring links between the Afghan Taliban, LeT, ISKP, and al-Qaeda. The report further stated that Qaeda is embedded into Afghan Taliban through the Haqqani Network.

The UNSC report has, however, failed to make an impact on the Trump administration. Regardless of what is happening on the counter-terrorism front, the U.S. is only concerned with troop withdrawal from Afghanistan. There is a possibility that if Biden comes to power, it will be politically more engaged with the administration in Kabul. Nevertheless, the military strategy of the U.S. vis-à-vis Kabul will remain unchanged even if Democrats comes to power in the U.S. Khalilzad has recently concluded two visits to the region including to Pakistan, Uzbekistan, and Doha. There is a distinct possibility that the U.S. administration and Khalilzad want to bring the Taliban into the power structure in Kabul. In any case, even if the intra-Afghan negotiations begin, the Afghan government will find itself in a much weaker position vis-à-vis the Taliban primarily because of the American tilt towards the Taliban.

Conclusion

The turmoil in the internal politics of Pakistan is a periodic cycle. The analysts in India should refrain from taking an exaggerated view of how much of it is happening because of the Pakistani

military. The Imran Khan government has been weakened due to its incompetence, vindictiveness, infighting and lack of political management. However, given the lack of alternatives, it is unlikely that Imran Khan would be replaced anytime soon by the military.

For India the issue continues to be of its Pakistan policy, especially at a time when the relationship is frozen: there is no trade, no visas are being issued, the diplomatic missions in both the countries have been reduced by half. China's pressure on the Ladakh front has provided Pakistan with an opportunity of trying to achieve its objectives in Jammu and Kashmir. India should not underestimate the possibility of a two-front war with Pakistan perceiving a window due to India's distraction vis-à-vis China. This possibility underlines the need for serious policy analysis on dealing with a two-front situation, both militarily and diplomatically.

India building connectivity with the Neighbours

Compiled by Dr Sreeradha Datta

During the period under review, the Vivekananda International Foundation (VIF) conducted a number of meetings with domain experts on our neighbourhood countries. The important points on enhancing connectivity with these countries have been laid down in the succeeding report.

India and the larger powers in the region like Bangladesh and Pakistan continue to grapple with the ongoing pandemic. The smaller states in the region have been able to control the spread of the virus to some extent are also confronted with serious issues of economy and stability. Evidently, during this pandemic Indian outreach to the neighbours have been through medical diplomacy while ensuring the safety of those stranded in India and also repatriate those Indians who were stuck in the neighbourhood as elsewhere. However, more importantly, it has continued to work on developing connectivity with the neighbourhood even during this pandemic outbreak.

Indeed ensuring continued trade and cargo movement with neighbours was also a challenge during this time, and while land border trade between India and Bangladesh was halted due to the fear of the spread of the virus, the coastal shipping arrangement has worked effectively. The first trial container ship from Kolkata to Agartala through Chattogram Port of Bangladesh was recently flagged off. The new route will reduce the time and logistics cost for cargo movement and connect North-East India to Bangladeshi ports. India and Bangladesh had reached an understanding of Standard Operating Procedures for the use of Chattogram and Mongla ports for the movement of goods to and from India earlier in 2019. That apart, the latest development announced by Tripura Chief Minister Biplab Kumar Deb about ferrying goods through the inland waterways on the river Gomti within the next three months is a positive development in this bilateral sector. Small boats and ferries capable of carrying 50-ton goods are expected to run through this route as soon as the temporary jetty is ready within the next 3-4 months. This will also improve trade Bangladesh and North-East India.

India is working on the expansion of Hanimaadhoo airport under the Indian line of credit. The Line of Credit was announced during President Ibrahim Mohamed Solih's State visit to India in Dec 2018, which was the first foreign visit of the leader after the election victory that year. The project will include an extension of the runway from 1200 to 2200 MTS and a new terminal building. The project will be critical for the economic development of the northern Maldives with increased connectivity and further boost the tourism sector. Indeed, The Maldives has announced the arrival of tourists from 15 July 2020 post the pandemic outbreak. India

and Maldives will also soon initiate the passenger-cum-cargo ferry service that will start between Kerala's Kochi and Maldivian capital Male via Kulhudhuffushi atoll.

With Bhutan, a new trade route was opened between West Bengal's Jaigaon to Ahlay, Pasakha, which will further strengthen the bilateral ties. The new land route for the movement of industrial raw materials and goods for Pasakha Industrial Estate in Bhutan is expected to not only boost bilateral trade & commerce but also lead to decongestion of vehicular traffic along the Jaigaon-Phuentsholing route.

It was only recently, that a direct flight between Chennai and Jaffna was initiated between India and Sri Lanka. It is expected that the direct flight will increase connectivity options for the Tamil population of the northern region of Sri Lanka, and it will also be beneficial for the economic and social development of the region. India is already working on several other connectivity projects with its neighbours, and a cobweb of the transport network will soon emerge in the South Asian region.

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



VIVEKANANDA INTERNATIONAL FOUNDATION

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

Phone: +91-11-24121764, 24106698

Email: info@vifindia.org,

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

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