

Issue no.10

April 2021

# VIF Expert Groups Reports



Edited by Naval Jagota



Vivekananda  
International  
Foundation

© **Vivekananda International Foundation**

Published in 2021 by

**Vivekananda International Foundation**

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

Tel: 011-24121764 | Fax: 011-66173415

E-mail: [info@vifindia.org](mailto:info@vifindia.org)

Website: [www.vifindia.org](http://www.vifindia.org)

**Follow us on**

Twitter | [@vifindia](https://twitter.com/vifindia)

Facebook | [/vifindia](https://www.facebook.com/vifindia)

All Rights Reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form, or by any means electronic, mechanical, photocopying, recording or otherwise without the prior permission of the publisher.

## Editor's Note

In April six experts group discussions were organised by the Vivekananda International Foundation through webinar on events and topics affecting India's interests worldwide. The diversity of the expertise of each of the members of the expert groups brought rich flavor and knowledge on the topic through their varied professional backgrounds (military, diplomacy and academia). This issue contains reports of the West Asia, Indo-Pacific, Europe, Pakistan, China and US experts' group discussions.

The historical basis of Russian interaction in the Middle East was discussed to understand present day Russia's Resurgence in it by the West Asia Group. The key areas of discussion in the group were on the other key players in the region and their reaction to this resurgence as well how it effects India. In the Indo-Pacific experts group the discussions centred on, Biden announcement of US withdrawal from Afghanistan, Russian FM Lavrov's visit to India, USN deployment in India's EEZ, Iran nuclear plant sabotage, Myanmar developments and the QUAD Leader's Summit.

The European study group discussed the Comprehensive Agreement on Investment (CAI) negotiations between the European Union and China which were concluded in December 30, 2020. The scope and implications of the CAI and the overall state of EU-China

relations were also deliberated upon. In the Pakistan group the discussions focused on the Islamabad Security Dialogue, India-Pakistan Flip-Flops on trade, TLP resurgence and its implications, USA exit Plan in Afghanistan.

In the China group the discussion was on China in India's Neighbourhood and the methods used such as the Chinese Belt and Road Initiative (BRI) along with other Chinese programs such as CPEC (China Pakistan Economic Corridor), CMEC (China Myanmar Economic Corridor), MSR (Maritime Silk Route) as well as certain new groupings for COVID related assistance which has excluded India. The discussion was on the Chinese increasing presence into South Asia which has taken many paths from economic, military to soft power for a longer and systematic penetration.

The US group focused its discussions on the issue of technology partnership with America. The discussion brought out the need establishing technological linkages with the U.S. and others could be crucial in addressing its security concerns as well as in expanding India's global market. Discussions on Data is essential to mobilising the emerging technologies. Unless there is some agreement on data and data policies eventually, it would be very difficult for India to mobilise emerging technologies with the U.S.

The coordinators and researchers associated with these Expert Groups have put unfaltering efforts to coordinate the meetings and collate the notes for the reports in this issue.

**Naval Jagota**

**New Delhi**

**May 2021**

# Contents

Russia's Resurgence in the Middle East.....	6
<i>- Compiled by Hirak Jyoti Das</i>	
EU-China Investment agreement and EU-China relations ....	12
<i>- Compiled by Dr. Himani Pant</i>	
Pakistan and its False Promises.....	17
<i>- Compiled by Aakriti Vinayak</i>	
China in India's Neighbourhood.....	21
<i>- Compiled by Gp Capt Naval Jagota</i>	
US- China Competition over New and Emerging Technologies: Implications/ Opportunities for India.....	27
<i>- Compiled by Dr. Himani Pant</i>	

## **Russia's Resurgence in the Middle East**

Compiled by Hirak Jyoti Das

*West Asia Experts Group meeting was held virtually on 06 April 2021 by Vivekananda International Foundation, the discussion was focused on Russia's Resurgence in the Middle East. The key speaker in the session was Mr Samuel Ramani, DPhil, members attending and contributing were Amb. Anil Trigunayat (Coordinator), Prof. Kingshuk Chatterjee, Dr. Arvind Gupta, Director VIF, Amb. Prabhat P Shukla and Amb. Anil Wadhwa.*

### **Historical Background**

Russia has been a great power in the West Asian and North Africa region. It was involved in power competition with Ottoman Empire as well as Persia. In the 18<sup>th</sup> and 19<sup>th</sup> century, Imperial Russia and Ottoman Turkey fought series of wars to establish their influence in the Black Sea region. Russia under the Treaty of Turkmenchay on 10 February 1828 forced Persia to hand over part of Caucasus, Erivan Khanate, Nakhchivan Khanate and Talysh Khanate located in present day Armenia, Azerbaijan, and parts of Turkey.

In the post World War 1 period, the modern history of Russia's engagement in the region began in 1920s after the signing of Russo-Persian Treaty of

Friendship on 26 February 1921. The new treaty cancelled the provisions of Treaty of Turkmenchay and allowed full and equal shipping rights by Soviet Union and Iran in the Caspian Sea. The Soviet Union in 1920s and early 1930s tried to expand its influence in the region to take advantage of the new oil discoveries and tap the emerging economic potential.

Notably, Soviet Union was the first state to establish full diplomatic relations in 1926 with the Kingdom of Hejaz and Najd, the former name of Saudi Arabia. The Persian Gulf region has served as an anchor for Russia's regional policy. Soviet Union's position in the region deteriorated in late 1930s due to Joseph Stalin's personal paranoia and willingness to gamble its ties with the Persian Gulf states for better relations with Britain to ward off the threat from Germany. Meanwhile, other states and protectorates in the Persian Gulf region after discovery of oil were exposed to western world limiting Soviet Union's influence.

In the post World War II period, Soviet Union made its resurgence by supporting Arab nationalism, socialism, solidarity with republican regimes and displaying hostility towards monarchies. Soviet Union projected itself as a vanguard of anti-imperialism, decolonisation, and resistance to western powers. Soviet Union at the same time maintained cordial ties with US allies such as Iran, Turkey, and Israel. Russia's current strategy of being friends with everyone and crucially enemies with none can be traced to the Cold War period. Russia after shedding its socialist image in 1991 has been able to capitalise its interests without ideological hang-ups.

The marker of contemporary Russian influence in the region can be traced to the 1980 Iran-Iraq war. The Soviet Union while officially supporting Iraq saw in Iran, the potential for a future strategic partner. Although Saudi support for Mujahedeen's in Afghanistan intensified, Soviet Union intended to thaw relations with Gulf monarchies and embassies were opened in these states in mid 1980s. The Soviet policy planners opted for pragmatism rather than ideological considerations to forge ties with

conservative Gulf monarchies and eventually Iran. Russia focussed on building tactical partnership rather than long lasting strategic alliances during this period. Russia during the 1991 Gulf war refrained from adding fuel to the fire and pushed for regional level security coordination.

In the post-Cold war period, Russia's capacities were limited, and it was forced to give up support for regional allies including communist ruled South Yemen. It however managed to preserve its arms trade in the West Asian region. It also tried to act as a peace maker during the 1991 Madrid Peace conference to bring Israel and Arab states to the negotiating table. Russia by 2000s applied flexible diplomacy strategy to suit its interests by engaging with all West Asian states.

Russia's gradual restoration of economic situation has boosted its capabilities to penetrate in the region. Moreover, Russia's involvement in determining the oil prices and desire by the Islamic world for a more multi-polar world has increased Russia's influence. In 2005, Russia became an observer in the Organisation of Islamic Cooperation (OIC). It also benefitted from the anti-west rhetoric prevailing in the Arab street.

The 2011 Arab Spring protest endangered Russia's traditional alliance system. It was criticised for disregarding the popular domestic sentiments and siding with status quo in the case of Bashar Al Assad in Syria, Muamar Gaddafi in Libya, and Hosni Mubarak in Egypt. Russia also expressed its disdain with the external intervention in Libya. In order to avoid similar fate in Syria, Russia became militarily involved since 2015. Russia's strategic hold over Syria has enabled the country to engage with Turkey, Iran, Israel, and Saudi Arabia.

## **Foundations of Russia's Influence**

Russia's influence in the region is backed by weak economic and material foundations. Russia's trade volume in the region is comparatively low. It



has also failed to meet its investment targets. Russia has not gained in terms of short-term economic rewards. It is however looking for long-term economic benefits.

In light of US military repositioning in the region, Russia is seeking to capitalise on the perceived disengagement. There has been a decline in reliability towards the US by the regional partners. The US allies in the region were unhappy about Barak Obama's weak response to Hosni Mubarak's ouster in Egypt. Moreover, states opposed to the Syrian regime were disappointed with the US' limited actions after the reported use of chemical weapons by government forces. During Donald Trump's four-year tenure, there was overall decline of confidence in the US leadership. At the same time, Joe Biden administration's decision to limit arms sales to Saudi Arabia has reaffirmed the sense of US disengagement in the region. Meanwhile, West Asian states were watching the extent to which Russia is committed to the preservation of Bashar Assad regime. It has boosted Russia's image as a credible security partner.

The regional powers also recognise that the world order is transitioning from unipolar world to a multipolar world with China, Russia and India emerging as alternate poles of power. Therefore, there is a general acceptance of multipolarity by the West Asian states.

The US on one hand due to its military might has dictated its policy to its regional allies. Russia on the other hand due to its limited economic and military capabilities is not seen as a bully. Therefore partnership with Russia is more consensus based.

Russia favours authoritarian stability like Saudi Arabia, UAE, and Egypt etc. The Russian government during the Arab Spring was criticised for supporting the counter-revolutionary blocs. Currently however, Russia's consistency to stand up for status quo is seen as a sign of strength by other authoritarian states including Gulf States that are fearful of domestic

upheaval. Russia's human rights record similar to most West Asian states is poor. Russia is therefore not likely to interfere in the internal political dynamics or raise questions about civil and political liberties.

Russia has optimally used its Islamic heritage and communal bonding to forge ties with West Asian states. Moreover, by establishing bureaucratic relations on institutional, ministerial, military, and personal level, it has deepened sub-state relations. It has benefitted from regional polarisations by engaging with all sides and generally managing instability. In recent years, Russia's economic profile is increasing, and private and public companies have acquired several construction and services contracts. Vaccine diplomacy has also added to its soft power approach in the region.

Russia is likely to maintain the policy of flexible diplomatic strategy. Currently, it has relied on conflicts to entrench its presence especially in Syria and Libya. The prospect of long-term leverage in Syria and Libya is uncertain. In case of Iran, it requires to be seen if the collaborative dynamics changes into competition in the Syrian theatre. In terms of potential theatres of Russia's engagement in the region, Iraq could be a possible new ground. Besides this, Russia may push for peace negotiations between Israel and Palestine. Russia is also keen to expand ties with the Persian Gulf states and Iran.

### **Great power competition and Russia's Regional Strategy**

In the background of Russia's growing engagement in the region, the US is likely to challenge its footprint. China is a competitive partner for Russia in the region. The approach of both Russia and China coincides in terms of normative values against unilateral sanctions, non interference in domestic affairs, respect for sovereignty etc. Russia is also seeking to benefit from the Belt and Road Initiative (BRI). However, both states are likely to compete over trade deals, reconstruction contracts and investments in the region. In order to resolve the regional issues including Israel-Palestine conflict

and Iran's regional outreach policy and ballistic missile programme, there are no joint forums to develop a common strategy by Russia and China. Russia is going to take a cautious approach to develop strategic alliance with China in the region. Lastly, Russia's increased engagement in the region could open doors for India to widen its economic opportunities in not only West Asia but also Central Asia.

## **EU-China Investment agreement and EU-China relations**

Compiled by Dr. Himani Pant

*The European Union and China concluded negotiations on the Comprehensive Agreement on Investment (CAI) on December 30 last year. To deliberate on the scope and implications of the CAI and the overall state of EU-China relations, the Vivekananda International Foundation organised a discussion on April 19, 2021. The opening remarks were made by Dr. Arvind Gupta and the discussion was moderated by Amb. Anil Wadhwa. The participants included distinguished members like Prof. Gulshan Sachdeva, Mr. Pranav Kumar, Lt. Gen. Ravi K Sawhney (Retd), Dr. Rudra Chaudhuri, Prof. K.P. Vijayalakshmi, Amb. TCA Rangachari and Gp Capt. Naval Jagota.*

### **Background**

Diplomatic ties between the European Community and China were established in 1975. The formation of the EU-China Strategic Partnership in 2003 marked an important milestone in their partnership. Since then, their bilateral ties have deepened and China has emerged as a major trading partner of the EU. Over the years, however, the EU has often criticised China for a lack of a 'level playing field' owing to Chinese state controls over foreign investments in China and other similar restrictive factors.

In contrast, China has made huge investments in high technology company takeover of European companies, particularly following the

2008 financial crisis (China has invested more than 160 billion euros since 2000 in acquisitions in Europe). The concerned Chinese investors have been found to have either implicit or explicit financial backing from the Chinese government, making them de facto instruments of foreign policy. More recently, the Chinese strategy has been to invest in smaller deals that gives them access to key technologies. Post its launch of BRI, the country has intensified this process by targeting poorer European countries like Greece. Similarly, its 17+1 initiative is seen as a means to extend its influence in Europe through BRI projects which cater to infrastructure finance. China's overtures have drawn greater scepticism in Europe post Italy's association with China's BRI in 2019.

In 2019, the EU formulated a new EU-China Strategy Outlook which stated that China is a cooperation and a negotiating partner with whom the EU needs to find a balance of interest. It referred to China as an economic competitor in the pursuit of technological leadership as well as a 'systemic rival' promoting alternative model of governance. In this strategy, the EU set out a ten-point programme which stated that the EU states cooperating with China would have to show consistency with EU rules laws and policy issues. It also expressed concerns over China's lack of transparency, economy policy, unfair market practices, dumping of goods, lack of protection of intellectual property rights for European products, etc.

The coronavirus pandemic, once again, brought to the fore EU's dependence on China for basic raw materials and supplies as well as the divisions within the bloc as some countries received much needed finance from Beijing. The EU resorted to a stricter rhetoric and outlined the need for "defending EU interests and values in a complex and vital partnership". Notwithstanding the strict rhetoric, both sides managed to conclude negotiations for the CAI. The agreement, in principle, creates "a better balance in the EU-China trade relationship" according to EU interpreters as China has committed to reciprocate the EU's openness to foreign investment in key areas.

## **Scope of CAI**

The CAI addresses several of EU concerns such as removal of barriers to foreign investments in China for certain EU industries, such as new energy vehicles, cloud computing services, financial services and health etc.

- China has conceded some market access in the manufacturing sector. This is important because it has opened up for manufacturing for EU companies despite overcapacity.
- China has phased out joint ventures (a tool which China has used traditionally to enforce technology transfer) in the automotive sector and has also allowed access to new energy vehicles. It has made similar commitments for financial services, health, etc.
- China has also granted easy access to the employees of EU companies by waiving off many pre-existing conditionalities. This means that the concerned European employees can now live and work in China.

It must be added here that the EU-China investment agreement does not replace other bilateral treaties. It is an addition to the existing framework of ties and may lead to progress in bilateral agreements.

## **Implications for India**

At a time when India is negotiating its own FTA with the EU, several concessions from China and the investment deal creates additional pressure for India.

- India is in the process of reviving its manufacturing and investment and conceding to EU demands pose inevitable policy challenges. In particular, China has agreed to sustainable development which includes monitoring of labour environment, human rights, implementation and dispute settlement, etc. The EU would look

to replicate this model in India by seeking several commitments in all these spheres.

- The agreement would also impact the investment pattern from EU companies to Asia. In this respect, it would consolidate China's position further- a factor that carries both economic and security challenges for India.
- The withdrawal from RCEP has already weakened India's negotiating position. The EU-China agreement puts additional pressure on India to strike a deal with the EU. As pointed out earlier, the EU is in a better position to leverage post its deal with China and has proposed an investment agreement while reserving the trade segment for later.

## **Conclusion**

Europe appears to be the middle balancing block in the great power competition. The timing of CAI has reinforced its 'geopolitical' image. Given the global backlash owing to the outbreak of Covid-19, the EU had an edge while dealing with China. Moreover, the deal was struck at a time when the transition in the US administration was in place and indicates Europe's efforts towards strategic autonomy and less dependence on US to assert itself. The bloc was conscious about a limited window of opportunity with respect to extracting concessions from China and made a very tactical and strategic move in this regard. Overall, it is important to note that there is no fundamental conflict of interest between the EU and China. China, unlike Russia, does not pose any direct security threat to the EU. As a result, Brussels prefers cooperative mechanisms while dealing with Beijing.

From the vantage point of India, the surprise over EU-China deal reflects a lack of understanding in India of how the EU functions and how China manages its relations with EU. India needs to invest more on resources in studying EU institutions and processes in order to deal with the EU.

At the same time, the whole concept and usefulness of FTA with the EU or any other country is not understood adequately in India. Apart from the import-export basket, the FTA provides certain enabling conditions for the industry such as increased FDI, conducive environment to run production networks, among others. There is, therefore, a need to sensitise the industry as well as the concerned sectors about the advantages of an FTA and such agreements. Finally, given the rising European interest in the Indo-Pacific, India needs to ensure that the focus of the concept/initiative as India or the Quad looks at it, is not diluted in the process. This is because major European countries include China in their vision of the Indo-Pacific.



# Pakistan and its False Promises

Compiled by Aakriti Vinayak

*A meeting of the Pakistan Study Group was held via video conferencing on 22<sup>nd</sup> April 2021. The agenda's main items were: Islamabad Security Dialogue, India-Pakistan Flip-Flops on trade, TLP resurgence and its implications, USA exit Plan in Afghanistan. The Meeting was attended by the following: Shri Arvind Gupta, Amb Satish Chandra, Ms Shalini Chawla, Shri Rana Banerjee, Shri CD Sahay, Amb Gautam Mukhopadhaya, Shri Sushant Sareen, Amb DP Srivastava, Amb G Parthasarathy, Lt Gen Ravi Sawhney (Retd), Shri Tilak Devasher, and Gp. Capt. Naval Jagota.*

### **Tehreek-e-Labaik (TLP) resurgence**

In the past few weeks Pakistan was in a situation of anarchy and chaos. Tehreek-e-Labaik (TLP) a politico-religious party went on a rampage and resorted to violence after the arrest of its chief Saad Hussain Rizvi ahead of April 20 deadline, the Islamists had given to the Imran Khan government demanding expulsion of the French ambassador for publication of cartoons of the Prophet. The nationwide protests were quite serious. During the clashes, TLP workers took 11 policemen hostage (later released), 580 police personnel sustained injuries and at least 30 cars were destroyed. The latest upsurge by the TLP stems from November 2020 when the party launched a protest against the re-publication of caricatures of the Prophet in France. Failing to quell the protests, the Imran Khan

government banned the party on 15<sup>th</sup> April 2021. However, ban on the party didn't disrupt TLP's violent movement as the clashes continued unabated. TLP workers had put forth four demands: the expulsion of the French ambassador over President Emmanuel Macron's backing of Prophet Muhammad caricatures last year; the release of party chief Saad Hussain Rizvi; removal of the ban on the party; and the release of party workers arrested as well as FIRs against them to be dropped.

Subsequently, the TLP managed to bring the government to its knees as Imran Khan succumbed to TLP's demands and on 20<sup>th</sup> April 2021, through a private member, introduced a resolution in Parliament to discuss the issue of expelling the French ambassador. The latest unrest in Pakistan led by TLP has brought to limelight existing contradictions in Pakistan and has exposed the contours of a weak state. The future looks bleak, as the confrontation is likely to continue. TLP backed by the army is here to stay.

### **Islamabad Security Dialogue**

The first-ever Islamabad Security Dialogue (ISD) was held in Islamabad on March 17-18, 2021, under the National Security Division of the Government of Pakistan, in collaboration with various think tanks. This dialogue was aimed at unveiling Pakistan's "new strategic direction based on a comprehensive security framework" that incorporated "regional connectivity and development partnerships" across the world. Sessions were devoted to comprehensive national security, economic security, human security, regional peace and security, and the evolving world order and Pakistan. It is pertinent to note that Pakistan's articulation of the new vision, which is focused on geo-economics, is aimed at projecting itself as a peace-loving country with a stable economy. However, the execution of the vision would be a challenge as its national objectives remain the same. There is no strategic shift in Pakistan's policy and it remains stuck on the Kashmir issue vis-à-vis normalization of relations with India. On 20 April 2021, Foreign Minister Qureshi said dialogue with India is possible only if the situation in Indian erstwhile Jammu and Kashmir improves.

## **India Pakistan Flip-Flops on Trade**

In end March, the Pakistan Economic Coordination Committee (ECC) headed by the Finance Minister, Hammad Azar, met and recommended reopening of Indo-Pakistan trade. It suggested allowing procurement of cotton and sugar from India. However, a day after the announcement the cabinet made a U-turn and deferred the decision of ECC. Subsequently, a meeting of special subcommittee of the cabinet to discuss the relations with India declared that there would be no trade with India until India reversed the constitutional changes it had instituted on August 5, 2019 in the erstwhile state of Jammu and Kashmir. The Pakistani government's recent flip-flop on the partial resumption of trade with India highlights how there are conflicts within Pakistan on walking the talk about its new vision of geo-economics.

## **Afghanistan**

On April 13, 2021, US President Joe Biden announced the decision to withdraw all American troops from Afghanistan by September 11, 2021. The date was symbolic to say the least as it marked the 20th anniversary of the 9/11 attacks on US soil. The US withdrawal remains marred with uncertainties as it is set to leave without securing guarantees from Taliban severing its links with AL-Qaeda. The future of Afghanistan hangs in balance. India has been heavily invested in Afghanistan and has avoided overt engagement with Taliban due to its past experience and fundamental differences. India remains consistent in its position regarding "Afghan owned, Afghan led and Afghan controlled" peace process. The official statement issued by the Ministry of External Affairs (MEA) Spokesperson stated that India has "noted" the decision of the United States to withdraw its troops from Afghanistan and to end its military operations there. "We are closely following the ongoing intra-Afghan peace process. Afghan people have seen more than four decades of war and unrest and deserve long-lasting peace and development." India has consistently supported a united, democratic and sovereign Afghanistan. It has vouched for an Afghan peace process that is Afghan-led, Afghan-owned and Afghan-

controlled and has welcomed any political settlement that is inclusive in its essence, and promises to preserve the socio-economic and political gains of the past two decades. New Delhi has repeatedly expressed its concerns about the increase in violence and targeted killings in Afghanistan and has called for an immediate and comprehensive ceasefire”.

# China in India's Neighbourhood

Compiled by Naval Jagota

*The Vivekananda International Foundation (VIF) organized a virtual discussion on “China in India's Neighbourhood”. The discussion was moderated by Dr Arvind Gupta Director VIF. The other attendees were, Dr. Srikanth Kondapalli, Mr. Sanjay Chadha, Mr. Jayadeva Ranade, Amb Satish Chandra, Lt Gen S L Narasimham(Retd), Lt Gen Ravi Sawhney(Retd), Lt Gen Rakesh Sharma(Retd), Amb TCA Rangachari, Prof Madhu Bhalla, Prof Sujit Dutta, Srikanth Kondapalli, Cmde Gopal Suri, Amb Gautam Mukhopadhaya, Amb Ramiah Rajagopalan and Dr Sanjeev Kumar and Gp Capt Naval Jagota.*

## **Introduction**

The Chinese Belt and Road Initiative(BRI) has made inroads into India's neighbourhood along with other Chinese programs such as CPEC (China Pakistan Economic Corridor), CMEC (China Myanmar Economic Corridor), MSR (Maritime Silk Route) as well as certain new groupings for COVID related assistance which has excluded India. The recent outreach can be gauged by the Foreign Ministers meeting on 27 April, the meeting was organised with five South Asian countries, excluding India, Maldives and Bhutan. This is the fourth such meeting, the first was held since July 2020 between China, Afghanistan, Nepal, Bangladesh and Pakistan. The agenda of the meetings has increased in scope from Covid-19 mitigation

discussions to resuming economic and trade cooperation, dealing with non-traditional security challenges and advancing sustainable development.

### **China's Roadmap in South Asia**

The leadership in China is implementing the 19<sup>th</sup> party congress resolutions in terms of its International relationships and it effects South Asia because of a focused yet minimalist goal of Protecting the One China Policy. This policy is being implemented through the articulation of the 3 Evils of Separatism, Extremism and Splitisim, all being code words for Tibet, Uyghur and Hong Kong. The articulation of the Chinese is for its greater “Sinosisation” of Tibet resulting in its stronger integration with China. China is funding through the 14<sup>th</sup> five year plan an amount of 29 billion dollars for on Tibet for its integration through infrastructure investment as well as strategic security investments. Since Tibet and Xinjiang share their land borders with Afghanistan, Pakistan, Nepal, India and Myanmar, a lot of emphasis would be put on relationship building with some of these countries if not all. However with India, China is following one of the ancient 36 stratagems of “cooperate with the small to defeat the big” and hence excluding it from dialogue and partnerships while increasing its influence with its neighbours.

### **Furthering Influence**

The Chinese through soft and hard power tools is continuously furthering its influence in South Asian region. Towards their minimalist foreign policy objectives, they have through joint statements bilaterally with countries in the region found support or at the minimum not had any adverse comments for their South China Sea actions. On the issue of the Senkaku Islands again the countries in South Asia have not made any statements against Chinese interests. The lack of statements or silence also extends to the Uyghur and Hong Kong issue, thus achieving the minimalist goals set by the PRC.

Another policy on IR with South Asian implications for furthering Chinese influence is the slogan of “shared destiny” which calls for greater contacts as well as developing new types of relationships. The key focus areas of the policy with BRI being the foundational basis are

- Connectivity (digital, space, etc)
- Policy (Coordination)
- Trade (Integration)
- Yuan (Acceptance and integration)
- People to People (Increase interaction)

Another reason for focused interest would be to look after some of 36000 SOE (State Owned Enterprises) which operate in South Asia and to protect both their financial wellbeing as well as the physical security of its assets. The other focus area for protection are the Chinese tourist which are increasing in South Asia. The policy makers in India will need to factor in the presence PAP (People’s Armed Police) or some other armed force from PRC being present or deployed at short notice for the defence of its citizens and business enterprises in the region.

China enhances some of their policy issues regional through soft power instruments such as the Confucius institutes for propagating. Confucius institutes are present in Afghanistan, Pakistan, Sri Lanka, Bangladesh, Maldives and India as well.

## **Military Cooperation**

In line with the thought process of security of its personnel and assets stated earlier the PRC is practicing or implementing 36 Naval contingencies of protecting Sea lines of Communication, sea denial, air defence etc for which it may require basing presence of its Navy in ports under guise of dual use in Africa, Pakistan, Sri Lanka etc.

Over the last 60 years PRC has sold arms and ammunition to countries to the tune of \$21 billion, with \$16 billion to Pakistan (Its cooperation with Pakistan continues in the field of ballistic missiles and defence against it as well as in the nuclear weaponisation area.), \$4.1 to Bangladesh, \$ 749 million to Sri Lanka. In terms of visits by military delegations by PRC personnel 44% have been to Pakistan, 24% each to Bangladesh and India and 7% to Nepal. These visits thus provide for an overview of the Chinese action plan. There is a plan for PRC to deploy peace keeping troops in Afghanistan post withdrawal of the US and NATO forces in September further increasing their presence.

### **Concern Areas**

China has assiduously built up its penetration of South Asia, India needs to be mindful of certain additional facets such as telecommunications security through hardware as well as software intrusions. The next concern area is China's Afghanistan policy and the deals it may make with the Taliban for peace and security in Xinjiang. The PRC will continue to focus on its two key areas for further influence seeking would be terrorism and the installation of the next Dalai Lama. The question to ponder for Indian policy makers is where would India be in terms of influence with its neighbours 10 years in the future with the continued Chinese tempo of activities in all spheres. At present the countries in the region are playing a balancing game and not yet fully in either camp. India needs to revisit some of its policies to harness all the tools and resources at its disposal while making policy for the region for positive outcomes.

### **Geo-economic Implications**

The economic bilateral trade numbers of India and China with countries in the region are in China's favor with exception being Nepal, where India's total trade numbers are favorable, while in the case of Sri Lanka they are comparable. However the key differentiator in the trade figures is the amount the countries' export to India is much higher than what is exported to China with the exception being Myanmar. Most countries



in the region incorrectly push back on India for having an adverse trade balance however the balance is extremely severe in the case with China. This is an area in which efforts towards correcting the misconception needs to be done. The reason for adverse trade deficient is not highlighted due to Chinese investments in the country, these investments further give rise to exports and thus providing two fold benefits to China. India total trade with the region is about \$21 billion accounting for about 3.3% of its total trade while the figures for China are \$40.38 billion accounting for ,87% of its total trade.

Chinese investments in connectivity projects in the region especially in Myanmar, Bangladesh, Nepal and Sri Lanka have been on a larger scale as well as they have been faster and nimbler in identifying and executing projects in these countries thus providing them political capital in the host country as well as economic opportunities. India needs to execute projects faster by bringing all concerned agencies on the table to overcome hesitancy of own and host country partners. There is need to focus on connectivity and hydro projects to achieve economic progress for India and the countries it partners. The delay of execution of projects on the Indian side while the fast pace on the Chinese side then sets them up for exploiting these subsequently and reaping returns manifold both in capital and strategic currency.

India needs to counter the Chinese by identifying areas of economic cooperation in Myanmar (Agriculture), Connectivity (Bangladesh, Nepal, Myanmar) and agencies to execute them on the ground (public sector and private sector) with flexibility and understanding. Even though due to the pandemic Chinese investments in the region through the BRI and MSR have been estimated to reduce by 20% but that does not provide relief for not attempting to increase Indian influence. India needs to focus not only on the region but projects such as the Digital Silk Road originating from the region such as Pakistan (funded and controlled by China) to Africa which would provide communication and data as well as then provide the levers of controls on them to the Chinese thus increasing its influence .

## **Conclusion**

The Chinese increasing presence into South Asia has taken many paths from economic, military to soft power for a longer and systematic penetration. The convergence of these methods provide the Chinese with increase and durable influence in the region and provides it with either support or minimal or no opposition in multilateral forums discussing its policies on the world stage across sectors also. The need for India is understand this penetration and find solutions to increase its influence in the region as a resident nation of the region.

# US- China Competition over New and Emerging Technologies: Implications/ Opportunities for India

Compiled by Dr. Himani Pant

*New and emerging technologies have an important role to play in the ongoing US-China competition. To deliberate on the current discourse around the trends in new technology and the scope for India's partnership with the US in this domain, the Vivekananda International Foundation organised an interaction on the theme "US- China Competition over New and Emerging Technologies: Implications/ Opportunities for India" on April 30. The opening remarks were presented by Dr. Arvind Gupta. The discussion was moderated by Amb. Arun K Singh and other participants included Dr. Rudra Chaudhuri, Dr. Rajeshwari Rajagopalan, Mr. Pranav Kumar, Amb. Kanwal Sibal, Amb. Satish Chandra, Lt Gen Ravi Sawhney, Lt Gen Anil Ahuja, Vice Admiral Satish Soni, Prof. KP Vijayalakshmi and Gp. Capt. Naval Jagota.*

## **Introduction**

The issue of technology partnership with the U. S. for India deserves attention for several reasons. First, it is now becoming increasingly clear that new and emerging technologies are going to transform the process around new patterns of production, trade exchanges, and several other related processes. Furthermore, these novel technologies have the potential to alter the future economic and military balance in a digitally interconnected global economy. As such, they are bound to play a central role in the geopolitical competition for gaining advantages in military

conflicts, extending political power and influence. Given India's own security concerns vis à vis China, including the security concerns of using certain Chinese technologies, establishing technological linkages with the U.S. and others could be crucial in addressing its security concerns as well as in expanding its global market.

Moreover, the governance of these technologies and implementation is also essential to ensure use of technology in an equitable manner for national development of different countries. India and the U.S. could play a significant role to realise this aspect. At the same time, it would also make India a part of the global network to shape global rules around how these technologies are not (mis) used in future.

The following observations were made by the participants during the discussion:

1. In the near future, collective action on issues around technology, differences, arbitration, or facilitation, etc. seems unlikely. This is because the collective instruments are less likely to cater to a fragmented world. As a result, bilateral agreements (or at times, plurilateral) might define the immediate future to meet national needs of countries like India, Japan, and many others before they move towards a collective action involving more partners.
2. Under the existing patterns of production and exchange between the U. S. and India, even limited trade agreements have remained an unrealised aspect. Given these limits to trade opportunities between India and the U.S.A., a new framework of interaction through partnership within the ambit of new and emerging technologies could open fresh opportunities for both sides. In the current geopolitical environment, it may be useful to look at smaller technical bilateral agreements with the US initially. A sort of a middle power coalition consisting of countries such as India, Australia, Singapore, South Korea, Japan, UK, France and Canada could be formed at a later stage.

3. India and the U.S could cooperate in the development of technology to prevent China and others from gaining undue advantage by developing technologies such as artificial intelligence, fifth-generation telecommunications networking or 5G, nanotechnology and biotechnology, robotics, quantum computing and advance computing, etc. There are huge opportunities in the health sector within emerging technologies.
4. Data is essential to mobilising the emerging technologies. Unless there is some agreement on data and data policies eventually, it would be very difficult for India to mobilise emerging technologies with the U.S. The main challenge in this respect relates to the differences over 'localisation'. The Indian side's push for data localisation is driven by three primary reasons: localisation for data access; for economic growth; data as a national resource.
5. The conventional argument is that localisation of data in India would give access to that data. A counter argument in this respect is that there are alternative ways of achieving data access as well as achieving economic growth, sans localisation. Given the conflicting narratives, there is a need to find a middle ground between hard and soft localisation. For instance, some kind of a negotiated settlement on the Cloud Act is needed with the U.S.

An important step towards remove bottlenecks in partnering with the US would be to push for data reciprocity. In addition, India needs to work on managing its data storage infrastructure

6. One of the key issues that India needs to consider once its privacy bill is finalised is that of data transfers. India does not accept the data free flow, but once privacy bill becomes a law, the country would have to frame its international position accordingly. Similarly, the country also needs to reconsider its current non-engagement at the multilateral level discussions at the WTO on e-commerce, data etc.

7. India's human resource and scope for large scale testing and operations is an asset. In terms of sort of taking leverage of external partnerships, India can create appropriate policy and regulatory framework that will incentivise foreign governments, including the U.S. and other partners to come up and set up industry using sophisticated and effective technology, especially in the new areas like cyber, biotech, etc.
8. There is also a need to incentivise domestic manufacturers, start-ups and new space industries that have come up in a big way over the last ten years. They need to be given a certain amount of space to collaborate with foreign companies to enable them to create linkages with small and medium sized enterprises across different with the U. S. as well as other minded partners such as Japan, Australia, etc.

Clear standards and guidelines can be outlined with respect to public private partnerships. A robust presence of the Indian private sector has a substantial role to play in the growth of technology sector. The private sector could also, eventually, become an active partner in developing effective rules to ensure profits and sustainability.

9. Apart from a government-to-government network, there is a need to create sustainable linkages across industries. In addition, policy conversations involving think tanks and other policy communities is needed. Thus, more frequent Track 1 and 1.5 dialogues are crucial to identifying challenges and bottlenecks as well as in ideating possible solutions.

## **Way Forward**

The coronavirus crisis has exacerbated concerns over trade practices, supply chains as well as the detrimental effects of overreliance on a single nation. It has opened up several new avenues for cooperation between India and the U.S. as well as other like-minded partners including

Japan, Australia, Singapore, Taiwan, South Korea. Given India's security concerns and "the current geopolitical, geo- strategic, geo- economic and geotechnical trends", interlinkages with critical and emerging technologies with the U.S. and other such partners is crucial. This calls for India to balance its indigenous efforts at 'atmanirbharta' and external efforts at developing stakes in US led technological advancements. This would not only enhance the country's global competitiveness but also contribute towards an equitable distribution of technology among different nations.

On its part, India needs to lay out its needs and objectives clearly. The future of technology in India, thus, depends on it resolves its data conundrums. A clear stance on its data and technology policy is crucial to for the officials to hold negotiations on a bilateral level with the U.S. as well as others. Towards this end, a tech coordinator could play a vital role in managing multiple agencies designing the architecture for the data protection agency.

There is a need to energise the manufacturing sector, which in turn would attract technology. At present, lack of enough R&D investment is a hindrance for holding a strong technological partnership and needs to be adequately addressed. There is also a need to factor in the internal situation. India has, over the years, invested in institutions like the DRDO, Space and Atomic Energy, etc. A step forward would be to try and transfer technologies to them or encourage them to become independent manufacturers. Involving the profit driven private sector into these sectors which have traditionally been within the purview of government would also be useful. Finally, promotion of R&D in the education sector is also essential to retain the human resource for indigenous promotion of manufacturing. The way ahead would thus have to be a balanced amalgamation of producing original technologies as well as partnering with foreign partners like the U.S.

## **About the VIVEKANANDA INTERNATIONAL FOUNDATION**

The Vivekananda International Foundation is an independent non-partisan institution that conducts research and analysis on domestic and international issues, and offers a platform for dialogue and conflict resolution. Some of India's leading practitioners from the fields of security, military, diplomacy, government, academia and media have come together to generate ideas and stimulate action on national security issues.

The defining feature of VIF lies in its provision of core institutional support which enables the organisation to be flexible in its approach and proactive in changing circumstances, with a long-term focus on India's strategic, developmental and civilisational interests. The VIF aims to channelise fresh insights and decades of experience harnessed from its faculty into fostering actionable ideas for the nation's stakeholders.

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



### **VIVEKANANDA INTERNATIONAL FOUNDATION**

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

Phone: +91-11-24121764, 24106698

Email: [info@vifindia.org](mailto:info@vifindia.org),

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

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