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VIF Expert Groups Reports



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Editor's Note

Vivekananda International Foundation organized four expert groups and one Vimarsha through webinars on events and topics affecting India's interests worldwide in the month of October 2021. The expert and discussion groups provide layers of understanding and contextualized the present discourse from the past for the future. The diversity of the expertise of each of the members of the expert and discussion groups brought rich flavor and knowledge on the topic through their varied professional backgrounds (military, diplomacy and academia). This issue contains views on issues in the neighbourhood, West Asia, China, Pakistan, US and Indo-Pacific.

The first expert group webinar of the month was by the Pakistan expert group which discussed issues of: Afghanistan- nuances of Russia and USA positions with briefings by Amb P S Raghavan and Amb Arun Singh respectively, Pakistan- Civil-Military Relations, IMF; Kashmir- Recent developments and portents for future.

The past one month saw several developments, especially in Northeast Asia, where there was a change in guard in Japan, Chinese upsurge

with Taiwan and North Korea's missile firing and its repercussion in the Korean Peninsula. In developments in Southeast Asia, Min Aung Hlaing was not invited to the ASEAN summit and Myanmar's economy is in a free fall. On India's western side, Afghanistan continued to simmer and there was talk of a 'Quad' of Israel, UAE, US and India. In addition the AUKUS, the new pact amongst US, Australia and UK was also announced. The expert group on Indo-Pacific discussed the implications of these on the region and India.

Chinese economy has witnessed multiple changes in the last few years. There were 50 regulatory measures in the last one year which impacted Chinese and global economy. The market capitalization of companies has shrunk by one trillion dollars in China. There is a significant shift in the management of Chinese economy and business in particular. In order to understand the Xi Jinping's "common prosperity strategy" in Chinese economy and its regulatory changes with its regional impact were discussed during the China experts group meeting.

In the West Asia experts group meeting the discussion was focussed on foreign policy priorities of UAE and India-UAE relations since the West Asian region is undergoing fundamental changes that have tremendous implications on global level. The key speaker in the session was H.E. Dr. Ahmed Abdulrahman Abdulrahman AlBanna, the United Arab Emirates' Ambassador to India.

To discuss the trends in Indo-US relations and the potential trajectory of the bilateral partnership, the VIF organised a virtual talk on the theme and the speaker was career diplomat Amb. Arun K Singh. He is currently a member of the National Security Advisory Board (NSAB) as well as a distinguished fellow at VIF.

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

Naval Jagota

New Delhi

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Afghanistan- Nuances of positions and Pakistan internal Dynamics

Prepared by Aakriti Vinayak

A meeting of the Pakistan Study Group (PSG) was held via video conferencing on 20th October 2021. The agenda's main items were: Afghanistan- nuances of Russia and USA positions (briefings by Amb P S Raghavan and Amb Arun Singh respectively); Pakistan- Civil-Military Relations, IMF; Kashmir- Recent developments and portents for future.

The Meeting was attended by the following: Shri Arvind Gupta, Amb Satish Chandra, Ms Shalini Chawla, Shri Rana Banerjee, Shri CD Sahay, Amb Gautam Mukhopadhyaya, , Amb DP Srivastava, Amb Amar Sinha, Amb Arun Singh, Amb PS Raghavan, Amb TCA Raghavan, Amb G Parthasarathy, Lt Gen Ravi Sawhney(retd), Lt Gen Ranbir Singh, Shri Tilak Devasher, and Gp. Capt. Naval Jagota.

Afghanistan

Russia's Position

Russia has continued to engage with the situation in Afghanistan and the challenges from it. Russian Foreign Ministry has been pushing the Taliban for an inclusive government, safeguarding the interests of all ethnic and political groups in the country. However it is capitalizing on

the equation it has built with Taliban over the years. Russia has invited Taliban to international talks on Afghanistan scheduled on October 20, 2021 in Moscow. The impression that Russia wants to put out is that its activism in facilitating US/NATO troop withdrawal has created Taliban goodwill for it that could be used to promote fulfillment of international expectations. It has sought to consolidate this goodwill by demonstrating to the Taliban its efforts to promote its acceptability to the international community. At the same time, Russia seeks to bolster defences against the influx of terror groups, drugs and radical Islam into Central Asia and the Caucasus, as well as against Western efforts to use Central Asia, either as a staging post for Afghan operations or a holding area for Afghan refugees. Further the Russians have been suggesting the “extended troika” of the US, Russia, China and Pakistan (that worked from 2019 onwards to bring the Taliban into the mainstream of Afghan politics, through a stage-managed “intra-Afghan” dialogue) that could again be revived to negotiate an inclusive political settlement with the Taliban.

USA Position

USA continues to engage with Taliban, though as of now there is no talk about recognition. On October 9 and 10, an interagency delegation traveled to Doha, Qatar to meet with senior Taliban representatives. The U.S. delegation focused on security and terrorism concerns and safe passage for U.S. citizens, other foreign nationals and their Afghan partners, as well as on human rights, including the meaningful participation of women and girls in all aspects of Afghan society. The two sides also discussed the United States’ provision of robust humanitarian assistance, directly to the Afghan people. The discussions were candid and professional with the U.S. delegation reiterating that the Taliban will be judged by its actions and not only on its words. The Taliban, however, claimed that there is an inclusive government with the presence of ethnic minorities.

Domestically in USA, both Democrats and Republicans have been playing a blame game over the Afghanistan fiasco in a partisan fight about who should be held responsible ever since the last US exited Kabul at the end of August. Democrats are blaming Trump for the blunder in Afghanistan citing his role in signing the Doha treaty, and “initiating the exit plan” and the Republicans are criticizing Biden for the chaotic withdrawal from Afghanistan.

Pakistan

There have been simmering civil military tensions in Pakistan. On October 6, 2021, the Pakistan Army announced that Lt Gen Nadeem Ahmed Anjum was appointed as the new Director General of the Inter-Services Intelligence (ISI) in place of Lt Gen Faiz Hameed who was appointed as Corps Commander, Peshawar. However, the notification of his appointment has not yet been issued by the office of PM Imran Khan. Imran Khan is keen to continue with Faiz Hameed as DG, ISI, and possibly appoint him as the next Chief of Army Staff (COAS) after Bajwa retires in November 2022. There have been certain reports that Imran favours him as he had helped his party in winning the last elections in July 2018 and he hopes that Hameed would repeat that favour again in 2023. The decision to oppose the army is yet another U-turn by Imran Khan. The rift between COAS Bajwa and Imran Khan has been quite serious. Uncertainty prevails over the future of Imran Khan's tenure. Further, the economy continues to be in a dismal state. The recent talks between IMF and Pakistan on \$1 billion loan tranche remains inconclusive. A gloomy picture was presented by the World Bank forecasting a growth rate of 3.4 percent against the projected 3.8 percent by the PTI government. The Pakistan rupee has further dropped to a new low of 173.2 as against the dollar. Inflation remains at an all time high. The opposition is up in arms against Imran Khan. On October 17, 2021 Pakistan Democratic Movement (PDM) chief Maulana Fazlur Rehman announced that within

the next two weeks, the Opposition will hold countrywide protests against the growing inflation.

Kashmir

The situation in Jammu and Kashmir remains critical as terrorists continue to target civilians in brutal attacks. As many as 11 killings have triggered a crackdown on terrorists by J &K Police and the Army. In a major crackdown more than 900 over-ground workers (OGWs) of Lashkar-e-Taiba (LeT), Jaish-e-Mohammed (JeM), Al-Badr and The Resistance Front (TRF) were taken under detention in Kashmir. The developments in the recent days in Kashmir have resemblance with the developments in late 1980s and early 1990s. The recent trends indicate that another cycle of violence may be in the offing with terrorist groups changing the techniques (hybrid terrorists) to suit the present conditions on the ground. With a number of the victims being minorities or non-locals, the attacks have sparked fear among civilians.

Developments in Asia and AUKUS

Prepared by Amruta Karambelkar

The Indo-Pacific Experts Group of the Vivekananda International Foundation met virtually on 22 October. The meeting was moderated by Vice Adm Anil Chopra (retd) and was attended by Dr Arvind Gupta, Amb Anil Wadhwa, Amb Deepa Wadhwa, Amb Anil Trigunyat Mr Rajiv Kher, Mr Akshay Mathur and Gp Capt Naval Jagota.

Introduction

The past one month saw several developments, especially in Northeast Asia, where there was a change in guard in Japan. The leadership change in Japan has come about just as there was Chinese upsurge with Taiwan. There was North Korea's missile firing and its repercussion in the Korean Peninsula.

The AUKUS, the new pact amongst US, Australia and UK has been the most notable military development and has many facets to it, including trans-Atlantic relations between US and EU; which is a greater phenomenon than US-France relations. From a military perspective, the AUKUS, (and thereby nuclear submarines) enables operating in the first-island chain, or in China's A2/AD. As of now only the US and China have nuclear-powered submarines in this region. Recently, the French

submarines had operated in the first-island chain, off the Chinese cost. The AUKUS will increase the number of nuclear platforms and possibly SSBNs in this contested area.

In developments in Southeast Asia, Min Aung Hlaing was not invited to the ASEAN summit. Myanmar's economy is in a free fall, the junta is directionless. It has released political prisoners, which can be problematic for India in the near future.

On India's western side, Afghanistan continued to simmer with a multitude of players and many groupings. Interestingly a 'Quad' of Israel, UAE, US and India has emerged but presently nothing much can be assessed about its potential.

Northeast Asia

The elevation of Mr Kishida as PM candidate signifies that the LDP chose and favoured the status quo. The public favoured change, hence supported Taro Kono, but he is not in line with the party's conservatism. General elections have been announced on 31st October. Kishida's popularity is not high as expected. There is a possibility that LDP will not get the desired numbers, or they will win with thin margin. Japan's strategic environment has become a part of the election discourse because of recent developments, where both parties are projecting their muscular side vis-a-vis China and the DPRK.

For the first time, a combined Russian and Chinese flotilla has exercised and passed through the Tsugaru Straits, which is unprecedented. This is seen as a reaction to AUKUS. For Japan, Revoking Article 9 is quite difficult. Under Abe, the defence allocation had increased, and there is the possibility of breaching the one percent limit. Japan will likely enhance defence preparedness, as it talks about strengthening alliance with the US. Stronger statements from Japan are expected. After North Korea's SLBM

launch, Japan has begun to talk about pre-emptive strikes, besides missile defence. Pre-emptive attack is a political and controversial matter in Japan.

Japanese leadership under Abe had begun to focus on its security, the people are also concerned with Senkaku, but public support for a military action is not strong.

In the context of AUKUS, some point to the lack of preparedness and competence of the JMSDF. Some view that the US has relied upon the Anglo sphere because it had doubts about Japan and France's commitment in case the US ups the military ante against China.

Japan's economic ties with China are solid. Despite the leadership's call to move supply chains out of China, the Japanese industry has not yielded, which is a unique phenomenon since the Japanese industry always follows the directions of its government. The business community has great stake in China. Japan's preference is supply-chain driven than manufacturing as far as India is concerned. The SCRI is more talk and intent than action.

The Koreas

With each launch, North Korea's capabilities are getting more sophisticated and refined. South Korea had also launched an SLBM so there is an element of signalling and competition. Kim Jong-Un seeks US attention and humanitarian aid, as the economy is precarious. No clear picture emanates yet from North Korea.

The outgoing South Korean president Moon wants to make Korean conflict a legacy issue. He wants to formally declare an end to the Korean War, and get DPRK back to the table. The US position is to negotiate but without any conditions, whereas lifting of sanctions is a pre-requisite for DPRK. ROK's position is in the middle. China has made statements calling all sides to show restraint.

The missile threat doesn't seem eminent; the range was only 450 kms, the USPACOM has stated that there is no threat to its people or allies. Hence it appears that the matter is not as grave as the DPRK has tried to project.

Taiwan

October is an important month for both PRC and ROC because of their respective national days. Xi Jinping underscored that reunification will be peaceful, but on the other hand, a record number of Chinese jets flew into Taiwan's ADIZ. In a recent speech, President Tsai Ing-wen appears more strident than before. Taiwan is increasingly talking about defending itself and upgrading missiles, in the context of the increasing discourse on a takeover by China by 2025.

Global sympathy for Taiwan is growing. Even as they officially accept the One-China construct, many countries are trying to push the envelope. The EU parliament came up with a first- of- its- kind report on recommendations for EU-Taiwan relations. Taiwan is being looked upon as a bastion of democracy and it is assessed that anything that negatively affects Taiwan will affect other democracies in the region. China is irked by countries trying to establish independent relations with Taiwan. The Chinese embassy in Canberra issued a strong worded statement after Tony Abbot's visit to Taiwan.

Chinese Economy

Chinese government actions against Alipay IPO and Evergrande indicate a new approach to state-market dynamics. Alipay was an example of the state not allowing the market to perform whereas Evergrande is an example of the market desiring state support. This is a constant challenge in China. Foreign investors remain interested because the expectation is that the dirty debt will be cleaned up by the government, thus freeing up the good assets to invest into. The western investor's strategy has always

been to look for the best of the Chinese pie to invest in and make returns. Big asset managers are happy with current developments in China.

China has fulfilled only half of its obligations under the US-China trade deal, whether intentionally or otherwise, is unclear.

Developments in the US Economy and Implications for India

As per the latest IMF estimates, the US economy is projected to grow at six per cent. This is phenomenal for a 19 trillion USD, and will have significant effect on the world. This means that the US economy is diversified and isn't dependent on China for growth. . India has to ensure that it gets part of the US growth pie. A growing US economy is in India's interest.

Technology-driven business transformation means that multinationals are able to scale rapidly, and do more with lesser investments. This factor should be seen while assessing SCRI. So, India may not get supply chains from China, but the positive news is that it is not really required. If the US and Europe is growing, then India can get a piece of new supply chains.

India's opportunities in this context are likely to be in agriculture and in the digital domain.

As far as attracting investments and manufacturing is concerned, India needs large number of medium-scale enterprises. Unless firms and business are scaled, no multi-national will come to India. The PLI scheme is a step in the right direction; aiming at enlarging the size of the firms, as against the previous policies of just tariff incentives.

AUKUS

Background

In 2016, Australia signed a deal with France for twelve new submarines.

The project was delayed, and costs kept rising. Naval Group proposed a new design in 2020 but it was found very expensive, the deal was finalised during a 2+2 meeting between France and Australia. Three weeks later, the deal was cancelled. As part of cancellation, Australia will have to pay further penalties.

PM Morrison has justified the need for nuclear submarines due to changes in strategic environment in the Indo-Pacific. Speed, endurance and greater payload are seen as imperatives in this context.

The Negotiations

During a meeting between navy chiefs of Australia and UK in March 2021 in London, Australia sought assistance from the UK for its submarine programme. Hence the matter had been brewing for some time. Mr Dominic Raab reportedly has brokered this deal between the US and Australia. The trilateral discussion had taken place on the side-lines of the G-7 meeting in Cornwall. All these developments were without President Macron's knowledge. Biden had clarified that the liability of cancelling the deal will be solely on Australia.

The Deal

Eventually, Australia will receive at least 8 SSNS. In the interim, Australia may lease SSNs from the US/UK, and will regularly host American and British nuclear submarines to enhance their sustainability. The agreement also mentions technology-sharing and joint development across the three partners in the areas of cyber security, AI, 5G and quantum communications. Additionally, Australian air force, navy and army will acquire long-range strike capabilities. It is believed that the agreement is actually aimed at protecting the under-sea optic fibre network; there is a fear of China tapping into this network in a specific area. Quantum technologies would allow new types of encryptions which would make

eavesdropping obsolete. PM Morrison also indicated at acquisition of new capabilities like Tomahawk cruise missiles, AGM 158. The US has no reciprocal needs but expert opinion in Australia expects some quid pro quo.

Reactions from within Australia

The Labour party was taken into confidence, as evident from their reactions to the deal. The opposition has shown support as long as Australia's treaty commitments under the NPT are met. Paul Keating, former Labour prime minister fears further erosion of Australia's sovereignty since it will be materially dependent on the US. Kevin Rudd has warned about the dangers of overt criticism of China, and that Australia should have rather quietly improved its military capability. Tony Abbot called it the biggest decision in standing shoulder to shoulder with US and UK to meet the greatest challenge of our time that is China. Defence Minister Peter Dutton's strong statement implied that a strong Australia is a safeguard to its neighbours like Indonesia, South Korea and Sri Lanka. The Green leaders have been critical of the deal. The Australian strategic community has expressed concerns about how the AUKUS will impact the trade. The trading community has not commented, perhaps indicating their displeasure.

Australia sees this deal as important for its security while being aware that SSBNs won't come to them in the near future.

Xi Jinping's "common prosperity strategy and regulatory changes in Chinese economy"

Prepared by Kota Mallikarjuna Gupta

The Vivekananda International Foundation (VIF) organized a virtual discussion on Xi Jinping's "common prosperity strategy and regulatory changes in Chinese economy". The discussion was moderated by Shri Ashok Kantha. The attendees were Dr. Arvind Gupta Director VIF, Shri Santosh Pai, Shri Manoj Kewalramani, Prof Srikanth Kondapalli, Cmde Gopal Suri, Lt Gen Ravi Sawhney (Retd), VAdm Satish Soni (Retd), Lt Gen Rakesh Sharma, Brig Vinod Anand, Dr Sanjeev Kumar, Shri TCA Rangachari, and Gp Capt Naval Jagota.

Introduction

Chinese economy has witnessed multiple changes in the last few years. There were 50 regulatory measures in the last one year which impacted Chinese and global economy. The market capitalization of companies has shrunk by one trillion dollars in China. There is a significant shift in the management of Chinese economy and business in particular. In order to understand the Xi Jinping's "common prosperity strategy" in the Chinese economy and its regulatory changes with its regional impact, the China expert group discussed these issues.

China's Legal and Regulatory Tool Kit

China's legal and regulatory tool kit played a major role in selectively leveraging global factors of production. China is now using similar tools to regain control over factors of production from the private sector. Legal framework will be significant force in China's dealings with other countries on economic issues. This legal and regulatory tool kit promoted Chinese national interests, while dealing with external world and long-term push to regain control of production.

There are evolving factors of production in Chinese economy between balancing needs and control. Land, Labour and Capital were the factors dominant in the pre-reform era in Chinese economy. In the open era, Entrepreneurship, Foreign Direct Investment (FDI), Free Trade, Raw materials and Markets were priority for Chinese legal system. During the "common prosperity" stage, Data has emerged as the big differentiator. Along with Data, Technology, Competition and Supply chains have emerged as major factors.

China clamped down on the outflow of capital in 2016, after its foreign exchange reserves dipped by around 1.8 trillion dollars in just 12 months. The preferential treatment for FDI was abolished in 2019. In the similar trend, China has banned overseas listing of Chinese technology companies in 2021, as China wants its internet companies to focus on its domestic market.

China has made regulatory moves to gain control over data. Multiple legal laws were framed like National Security Law and Counter-terrorism Law in 2016, Cyber security Law in 2017, E-Commerce Law in 2019 and finally Data Security Law in 2021 to control data. In 2018, State Administration for Market Supervision was created by merging three agencies as part of China's efforts to regulate competition. Similarly, Anti-Sanctions Law enacted in 2021 is part of Chinese legal measures to gain/

maintain control over global supply chains.

The usage of legal and regulatory tools is likely to increase digital currency to reduce domestic inequality and internationalize RMB, create China-friendly internet ecosystems, mixing geopolitics with business – reciprocity over supply chains & market access. These tools can convert alliances into Bilateral Investment Treaties and Free Trade Agreements and set standards in industries where China enjoys prominence.

Common Prosperity Strategy

Chinese President Xi Jinping's "common prosperity strategy" is an essential component of Chinese style modernization. Common Prosperity is a long term, arduous and complicated task, which is linked with national rejuvenation and socialist modernization to be advanced gradually. The concept of common prosperity is not uniform egalitarianism and neither is it prosperity of a few. It applies to the affluence of all Chinese people and relates to the material and spiritual lives of the people.

As China is moving to a stage of high-quality development, there are changes in the principal contradiction of Chinese society. High-quality skilled workers are essential to achieve high quality development, which will enhance China's total factor productivity. The issue of inequality is not just economic, but a political and social challenge for China. Additionally, technological change is also further aggravating developmental gaps. In this scenario, common prosperity strategy is fundamental to consolidate the Communist Party's ruling foundation.

In order to achieve the goal of common prosperity, Xi Jinping wants to encourage hard work and innovation and create pathways for upward mobility for Chinese people. These pathways for upward mobility include create opportunities for people to become rich, create conditions for people to enhance their capacities to develop, improve and enhance quality of

public services, further increase in human capital, improving the medial and pension security system and finally improving housing supply and social security system. The other tools used to reach the goal of common prosperity are regulate high, excessive and unreasonable incomes, but protect legitimate wealth creation, encourage tertiary distribution and avoid uniform quantitative targets.

China has introduced policy measures to achieve common strategy. Some of them include Fintech de-risking and rectification, integrating digital economy with real economy with focus on core technologies, data and cyber security reviews and legislation, gaming industry restrictions, crackdown on celebrities and targeting incentives in favour of hard tech R&D.

Private sector is major contributor for the growth in Chinese economy. 60 percent of GDP is generated by Private sector in China. Private sector also contributes 70 percent of technological innovation and 80 percent of urban employment in China. Almost 90 percent of market players in Chinese economy are private sector. The recent curbs on fintech and edutech sectors had cross border impact. Private companies of China like Tencent and Alibaba have contributed fund for poverty reduction.

The impact of the Chinese regulatory mechanisms will be huge on Hong Kong stock markets, where many private companies are listed. There is wash out of 1.4 trillion dollars from Hong Kong Stock market with economic impact. Overall, there will be huge impact on Hong Kong and Macau with National Security Law and other regulatory measures. The curbs on the edutech sectors have impacted Malaysia, Indonesia and other South East Asian economies hurting the business sentiment. The regulatory measures are going to impact significantly Chinese BRI projects.

Conclusion

The legal and regulatory mechanisms with “common prosperity strategy” resulted in profound changes in management of Chinese economy in terms of objective targets. These regulatory mechanisms are part of the pattern which pre-existed and accelerated their pace in last one year and will have significant impact on the region.

Foreign Policy Priorities of UAE and India-UAE relations

Prepared by Hirak Jyoti Das

The West Asia Experts Group Meeting was virtually held on 27 October 2021 by the Vivekananda International Foundation, the discussion was focussed on “Foreign Policy Priorities of UAE and India-UAE relations”. The key speaker in the session was H.E. Dr. Ahmed Abdulrahman Abdulrahman Al Banna, the United Arab Emirates’ Ambassador to India; members attending and contributing were Dr. Arvind Gupta, Director, VIF; Amb. Anil Trigunayat (Coordinator); Vice Admiral Satish Soni; Dr. Meena Singh Roy; Amb. Anil Wadhwa and Amb. D P Srivastava.

UAE’s Foreign Policy Priorities

The West Asian region is undergoing fundamental changes that have tremendous implications on global level. The United Arab Emirates (UAE) has been tactful to capitalise on the opportunities and overcome the challenges. The country celebrating its 50th anniversary is seeking to extend cooperation with all states. Emirati foreign policy tools are based on constructive engagement; nurturing existing alliances; desire for de-escalation; partnership over unilateralism; supporting direct dialogue; inclusivity in political process; open trade and rule of law. It is increasingly looking to play the role of mediator in regional conflicts and maximise its

stature by entering multilateral forums. Notably, the UAE will be a non-permanent member in the UN Security Council in 2022-2023.

In the economic sphere, the world has changed due to COVID-19 which requires new navigational tools to deal in the unchartered territory. The UAE in order to adapt itself for the future is undergoing transition. The state is seeking to reduce its dependence on oil and transform its economy through innovation, technology and investments. The UAE's drive to fulfil these goals has pushed the country to enlarge its area of influence. The UAE has formally normalised relations with Israel paving the way for other Arab states such as Bahrain, Sudan and Morocco. It is seeking to tap into Israel's surveillance and counter-terrorism methods as well as benefit from hi-tech research including space science and nuclear energy.

With regard to Iran, the UAE has taken a cautious approach towards the hardliner government led by President Ebrahim Raisi. Besides, differences in their regional approaches, both the UAE and Iran have engaged in diplomatic friction over three disputed islands. The UAE is interested to solve the dispute only through negotiations under the ambit of multi-lateral forums such as the UN, UN Security Council and the International Court of Justice.

Abu Dhabi is part of Saudi Arabia led anti Houthi axis. The Houthis are seen as an Iranian proxy by the UAE that has been utilised to destabilise the Gulf region. It is highly critical of Houthi strikes on civilian areas in South Yemen and Saudi Arabia. The UAE's position in the Yemeni conflict reflects its efforts at balancing between soft power and hard power to reach its objectives. The UAE is closely watching the developments in Afghanistan and aware of the risks involved in terms of radicalisation. It is against extremism and terrorism in all forms. The country is seeking to promote a modern, tolerant form of Islam as part of its national ideological foundations.

The Quadrilateral Alliance consisting of India, the UAE, the US and Israel is focussed on economic matters. Each team will appoint representatives in the arena of economy, business and investment in specific sectors. However, it is likely that security consultations will increase among these states. For the UAE, its stern policy against extremism could coincide with India facing terrorism sponsored by Pakistan. The UAE while denouncing all kinds of terrorism has insisted on trust building and direct negotiation between India and Pakistan.

India-UAE Relations

India is a key trade and strategic partner for the UAE. The country is eager to further tap the power of economic and strategic alliance with India. The warm bilateral relations are based on common goals, shared history, people to people relations and shared will to grow together. For India, the UAE is an integral part of its “Act West” policy. The UAE has served as pivot for India to expand trade, energy, diplomatic and military linkages in the Persian Gulf and the wider West Asian region. In its efforts, leaders from both states have visited each other on several occasions and the relationship has been transformed into a comprehensive economic and strategic partnership.

Historically, the relationship revolved around the subject of diaspora due to the large number of Indian workforce that has contributed immensely in the UAE’s growth. In fact, Indians are the largest expatriate community in the country. The engagement gradually centred on energy. The UAE is the third largest source of crude oil and second largest source of petroleum products and by-products for India. The UAE is committed to fulfil India’s energy needs.

The UAE in order to complement its future vision is looking towards non-oil alternatives to propagate growth in the future. In its efforts to

reduce environment degradation, the country has taken the lead to promote sustainable development. Abu Dhabi hosts the headquarters of International Renewable Energy Agency (IRENA) to facilitate cooperation, advance knowledge and promote the adoption of sustainable use of renewable energy.

The UAE is ready to play its part to help India achieve its vision of US\$ five trillion economy in the current decade. . In terms of investments, the UAE is the eighth largest investor in India. In 2019-2020, the UAE invested US\$ 339 million in FDI which has increased to US\$ 4.2 billion in 2020-2021. The UAE firms are investing in mega food parks in India to secure supplies. The parks are part of the UAE-India Food Corridor Project. Moreover, in light of COVID-19 crisis, medical exchanges and diplomacy, health tourism between both states would further enrich engagement. Both states have conducted number of joint military exercises and ship visits and signed broad based MOUs in several areas such as organised crime, piracy, cyber-attacks, cross border security etc. The UAE is keen to work with India in the areas of defence, attaining food security and Artificial intelligence.

Indo-US relations and the potential trajectory

Prepared by Dr. Himani Pant

To discuss the trends in Indo-US relations and the potential trajectory of the bilateral partnership, the Vivekananda International Foundation organised a virtual Vimarsh on 29 October. The opening remarks were made by the VIF director Dr. Arvind Gupta. A detailed presentation on the theme was made by career diplomat Amb. Arun K Singh who has previously served as the Indian ambassador in the US, France and Israel. He is currently a member of the National Security Advisory Board (NSAB) as well as a distinguished fellow at VIF.

Trends in Indo-US Relations

Notwithstanding the various highs and lows in the partnership, the Indo-US ties have flourished significantly in the last two decades. Over the years, the bilateral relationship has transformed from being transactional and uncertain to becoming a global, comprehensive strategic partnership suited for the twenty-first century. This aspect is best reflected in the thriving trade relations between the two countries. Current bilateral trade stands at 150 billion dollars and has increased seven times in the last two decades. It is important to note here that the US is one of the few countries with which India has a trade surplus, bringing the balance in its favour.

Furthermore, the US has invested almost 30 billion dollars in different sectors of Indian industry. Similarly, Indian companies have invested over 20 billion dollars in different industries such as IT, pharmaceuticals, automobiles, auto components and other sectors.

The defence cooperation has also increased tremendously in this time. Ever since the Civil Nuclear Cooperation Agreement was signed in 2008, defence contracts of over 20 billion dollars have been reached. The US has also increased the scope and frequency of its military exercises with India which includes the tri service exercises, multilateral exercises etc. The two countries are also exploring the possibility of a defence technology partnership. Another notable aspect with respect to defence partnership is that Indian companies are gradually becoming a part of the global supply chain of US defence manufacturing.

Recent trends in the Indo-US partnership are also promising and carry great scope for widening of the relationship further. As two largest democracies, both countries have shown a natural affinity for each other. This has paved way for not only bilateral cooperation but also facilitated enhanced multilateral cooperation with like-minded countries. While democratic groupings such as the Quadrilateral Dialogue (Quad) have already gained momentum, techno-democratic alliance imitated by the US carry further scope for bilateral and multilateral cooperation in the years ahead. The Indian origin Diaspora also provides an important dimension to this partnership. Their huge contribution to taxes and social security as well as their presence in the political spectrum also bids well for the partnership.

Prime Minister Narendra Modi's recent visit to Washington and his meetings with President Biden has set the stage for bilateral relations in the coming years. The two leaders also attended first in person Quad leaders' summit, giving a new impetus to cooperation in the Indo-Pacific.

The Trump administration had been quite articulate about building ties with India and the new Biden administration has continued with the same approach by reiterating the US commitment to further deepening the India-US ties.

There is also a bipartisan consensus in the US Congress on building strategic ties with India. Likewise, India has also been advocating for a stronger partnership with the US. The changing international environment has played a major role in shaping this dynamic. The US sees India as a partner in its regional and global agenda. Similarly, India sees the US as an important partner in its economic and scientific development as well as in its security calculus.

While furthering the cooperation, however, both sides need to be realistic in their expectations from each other. It is important to understand that foreign policy objectives and priorities or even business interests may not always coincide. However, these differences need not be blown out of proportion. Rather, a mechanism to navigate differences and work through areas of cooperation need to be prioritised on both sides.

Although the US continues to be a leading economic, technological and military power, there are limits to its influence which have become apparent over the last decade. The US policy in Iraq and Afghanistan has not worked as expected and as the domestic compulsions increase, the focus on these regions has waned in the recent past. The unipolar moment post the dissolution of the Soviet Union has come to an end and China has emerged as its main challenger. New Delhi needs to be cognizant of these limitations while expecting support from Washington. Other factors including the dynamic between the administration and the US Congress as well as domestic constraints are also important to consider in this context. Likewise, the US must give space to India to take decisions on its own interests as the latter cannot support all US foreign policy

decisions. This aspect is crucial for India as it proceeds with its cordial relationship with Russia. The CAATSA provisions and the US response to India's defence dealings with Russia would be important factor in this respect.

Conclusion

To conclude, India must seize the opportunity of intensifying ties with the US. As pointed out earlier, there is a strong and growing support for strong relations with India in the US Congress and the administration in general irrespective of the party in power. In addition, this support goes beyond politics to include the business community and other stakeholders who are looking for a reliable business alternative to China. The large Indian Diaspora has also played its own role in strengthening the ties. The period ahead carries several opportunities for building India-US ties. At a time when Beijing has emerged as a main economic, security and military challenger, a strong Indo-US partnership could play a catalytic role in balancing China.

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